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ABSTRACT

This report estimates costs of feeding and clothing Australian children at a basic survival level. Detailed information is provided on the types of costs incurred by families at different income levels and with children of different ages. After a brief introduction characterizing the study and summarizing findings, discussion focuses on the history of the Australian government's intervention in alleviating family poverty. Such intervention is subsequently reviewed in relationship to falling birth rates, a changed attitude to children, and an extension of the dependency of young people. Legislation in Australia related to the cost of childrearing is also briefly discussed. Subsequently, the methodological approach of the study is described, and a comparison is made of Australian costs with those of the United Kingdom and the United States. Specifically contrasted are costs for food, clothing, and other items, including costs of household articles, lighting, heating, schooling, entertainment, and holidays. Concluding remarks recommend caution in using the cost figures, delineating some of the calculations' deficiencies. Directions for future research are indicated. Appendices I through III present a minimum diet for preschool-age children, a low cost menu for two adults and two young children, and "costed" food plans for 2-, ,5-, 8-, 11-, and 15-year-olds. Appendix IV discusses budgetary and survey approaches to research on costs of childrearing. (RH)

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August 1984

WORKING PAPER

Cost of Children in Australia

Kerry Lovering

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Cost of Children in Australia

Kerry Lovering

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Foreword

This is an important report, even though it leaves several aspects of the cost of children unanswered. For the first time, it offers a systematic estimate of what it costs for Australian children to be fed and clothed at a 'basic survival level'.

Several surveys of costs have been made but none of them can be generalized. Some look at special groups such as 'cottage' or 'foster' homes, while the regular Household Expenditure Surveys of the Australian Bureau of Statistics lump together 'family costs', neither specifying the costs directly attributable to children, nor adjusting for the ages of children.

The age differential is one of the most interesting findings of this study. As Kerry Lovering points out, it is self-evident to any parent that children cost more as they grow older. Yet, it has been ignored by studies which consider the family as a whole. It was the study of families in poverty in the United Kingdom by David Piachaud *et al* which alerted us to this age differential and its consequences, and we have, on the whole, followed their methodology.

Overall costs for a year vary from $861.12 for a two-year-old to $1450.80 for an eleven-year-old, with teenagers, not surprisingly, costing much more ($2156.96 p.a.). How disturbing it is, then, that this age difference in cost is not taken into account in deciding government family benefits levels or in fixing maintenance payment awards in the courts.

With high youth unemployment and current goverment encouragement of longer school retention, there is an increasing burden on families as older children remain at home longer as dependents. The Institute's national Family Formation Study, on a sample of 2500 18 to 34-year-olds, shows the real impact of this dependency on family conflict, new patterns of leaving and returning home, and the uncertainty now faced by young people wanting to live independently, to marry and to have children. Our recent analysis of the Australian Bureau of Statistics household income figures showed a rise of 54 per cent (between 1978-79 and 1981-82) in the numbers of married couples with children who live below the poverty line and a 38 per cent rise for one parent families. Up to 60 per cent of all one parent families in 1981-82 had incomes less than the poverty line (set at $156.38 per week for a parent plus two children in 1982), and 51 per cent of all such one parent families actually had incomes of below $120 per week. The government Supporting Parent Benefit is now $85.90 per week, plus $12 for each child, $10 for rent and between $6-$8 for guardian's allowance. Small wonder that so many live below the povery line.

The matter of costs is also of importance to maintenance decisions in the Magistrates' Courts and the Family Court. The average maintenance award made by the Family Court has been about $20 per week per child. Lawyers, judges and parents have had no guidelines to work from prior to this Institute study of the cost of children. While it would not be warranted to take these minimal costs and add them up to, say, $140 per week maintenance

for two teenage children, the figures show that the law needs to take account of increased costs for children as they age and that the courts cannot be complacent about the standard of living permitted any family on current maintenance levels.

The Institute undertook this study partly as a result of a request for better guidelines on maintenance from the Family Law Council. We are grateful that the Family Law Council has read and made suggestions on drafts of this report. In 1982 the Attorney-General ordered an inquiry into the enforcement of maintenance which suggested that a national collection agency be set up. The solution will not be a simple one because many fathers ordered to pay maintenance are out of work and others are remarried, with new family responsibilities.

Clearly the well-being of our children should be of paramount concern. No affluent society should be allowed to tolerate having up to 540 000 families containing 725 000 children who live on incomes less than the poverty line. Nor can we expect the solution to lie in maintenance enforcement or welfare benefits set at between 23-25 per cent of average weekly earnings. The answer lies in longer-term approaches such as redirecting income transfers like the Dependent Spouse Rebate to families with children and developing a workable guaranteed minimum income scheme (such as a negative income tax) which would ensure no family is ever forced to survive on a below-poverty-line income.

The Australian Institute of Family Studies is working on such alternatives and offers this paper as part of the 'consciousness-raising' process. We make no claim that it is a complete study of the cost of children — our resources were too limited for that. We do suggest, however, that any modification to our system of social security must take into account the serious implications of this study. To say that the way a nation treats its children is a criterion of that nation's worth is not platitudinous; nor is it platitudinous to say that children are our most valuable future resource. The verdict for Australia at present is not encouraging. The Institute will thus continue to document what is happening to Australia's families with the object of developing policies that will be more reponsive to our changing families' and children's needs.

The author of this paper, Kerry Lovering, joined the Institute of Family Studies as a Senior Research Fellow in 1980. Formerly Director of the Women's Bureau in Victoria, she has wide experience in women's issues, work and the family, local government and social welfare matters. Kerry has recently been appointed to a position as Senior Advisor in the Equal Employment Opportunity Bureau of the Commonwealth Public Service Board and this publication is a fitting farewell to her work with the Institute.

Don Edgar
Director
Institute of Family Studies

Introduction

One of the surprising gaps in public information in view of the many areas affected is the cost of children. This Working Paper on the cost of children was done in response to a request from the Family Law Council and in recognition of the many policy areas that are concerned with and have implications for the cost of children.

Very little work has been done in Australia to discover what is the minimum cost, the adequate, or even the usual cost, of children. Government pensions, benefits, and allowances, and maintenance orders appear to be based only on 'guesstimates' of such costs.

The paper's aim is to present detailed information on the types of costs incurred by families with children of different ages and at different income levels.

The paper is not definitive and includes a great many assumptions which need more empirical work to be properly substantiated. Nevertheless, the material does give an indication of the likely costs at different ages.

Bearing in mind the qualifications contained in this paper, the costs per week and per year of children in low and middle-income Australian families may be summarised in the following manner:

	Age				
	2	*5*	*8*	*11*	*teenage*
Low income	$	$	$	$	$
per week	16.69	21.41	26.25	27.86	41.48
per year	867.88	1113.32	1365.00	1448.72	2156.96
Middle income					
per week	25.11	28.18	36.36	45.90	69.01
per year	1305.72	1456.36	1890.72	2386.60	3588.52

It is important to note that these figures do not include costs of housing (mortgages, rents, rates), transport, school fees or uniforms, child care, holidays (in the case of low-income families), medical or dental expenses. In the case of low-income families the figures are *a basic survival* costing only.

Attempts have been made to quantify the direct costs of children while recognising that the indirect costs of children may have an even greater impact on one or both parents. Such impact arises from the time involved in caring for children and the effect this may have on lifestyles. Mothers, in particular, may forego wages and future career and promotional

prospects. Mobility of parents may also be affected by requirements for schooling of children. Children requiring special care or hospitalisation have major impacts on families in time and money.

Some surveys or inquiries have produced information relevant to this study. The Australian Bureau of Statistics has undertaken two Household Expenditure Surveys, one in 1974-75 and another in 1975-76. Other investigations were those of the Australian Commission of Inquiry into Poverty (1975) under the chairmanship of Professor Ronald Henderson (hereafter referred to simply as the Poverty Inquiry). Poverty lines* were devised by the Poverty Inquiry and also by the Social Welfare Policy Secretariat (1981).

Other countries have tried to look at costings. Much work has been done in the United States and in the United Kingdom. In general it is implicitly understood that children cost money, but rarely is the cost counted. Their perceived value as investigated by Espenshade (1977) is that of providing 'joy and happiness, companionship and pride, . . . a potential means of support', but it is also recognised that they use up family resources and curtail activities and opportunities.

It has been argued by Mueller (1976) that children have a net economic cost, that is, they consume more than they produce, even in third world countries. The work contribution of children is not large enough to prevent them being an economic burden in such societies. However it has also been argued that in spite of the costs, children do confer economic benefits in rural and urban lower socio-economic groups.

In this paper, several overseas and Australian surveys on the cost of children are described followed by a description of the calculations on the cost of children in Australia prepared by the Institute of Family Studies.

Government Responses to Child Costs

One of the earliest government initiatives in Australia to deal with the problems of families was in 1840 when the New South Wales government passed the *Deserted Wives and Children Act*, which provided for maintenance orders. Other States followed suit but, in devolving the responsibility to the husband or father, the law did not necessarily effect more than a minimal measure of relief, particularly as many men did not have money to pay and most maintenance orders went by default after a short time. Often when men died or deserted their families the burden shifted to charitable organisations and institutions. Many children were declared wards of State and institutionalised.

Concern for falling birth rates resulted in the establishment in 1903 of the Royal Commission on the Decline of the Birth Rate which triggered the introduction of the Commonwealth Maternity Allowance in 1912. This was the first government benefit which recognised the effect of the cost of children on families. The Allowance, a once only payment granted universally, was not continuous support for families.

*There are no officially endorsed 'poverty lines' in Australia. Professor Ronald Henderson made use of a set of poverty lines in the *First Main Report* of the Commission of Inquiry into Poverty. The lines are derived from an arbitrarily chosen poverty line and are not based on any study of the actual needs of families and individuals in Australia. In the absence of any objective criteria for the measurement of poverty in Australia, Professor Henderson's lines have often been used by welfare groups, the media, academics and others as a basis for assessing the adequacy of pensions, benefits and other forms of income.

Bettina Cass (1983a) has outlined the history of the introduction of child endowment which must be seen in the context of the 'living wage' debate early this century. As Cass points out 'only family endowment, i.e. separate transfers of income to the mothers of dependent children, would sever the connection between wage fixation and family size' (p. 56). Many advocates for child endowment in the 1920s wanted to legitimate wage restraint by providing money for families but were defeated by others who wished to protect 'the system of individual parental responsibilities, and in particular, paternal responsibilities' (p. 64). These people recognised that 'direct provision to mothers was a threat to traditional conjugal relationships (by alleviating women's economic dependency) and to men's work incentives (by lightening the burden of responsibility)' (p. 64).

The earliest payment of child endowment was in the Commonwealth Public Service in 1920 when what amounted to a levy was distributed to public service officers who were parents. In 1927, the New South Wales government introduced means tested child endowment paid to mothers but excluding payment for the first child. Because endowment was taken out of the wage fixing process, indexation of the payment was governed only by election promises. Universal child endowment paid to mothers of two or more children was eventually introduced by the Commonwealth government in 1941 as one part of a war time package of wage restraint and taxation measures.

A tax rebate for taxpayers (usually fathers) was introduced in 1942 and replaced in 1950 by deductions which helped taxpayers with higher incomes. These tax rebates and concessions were abolished in 1976 and an increased cash benefit — called family allowance — was given to the parent (usually the mother) mainly responsible for the care of the children.

Family allowances were a substantial increase over the former child endowment when introduced in 1976, but as they were not indexed, their real value has declined. The Consumer Price Index has risen by 90 per cent between 1976 and December 1983, but the allowance rates have been increased only by 50 per cent since that time. Family allowances, however, are of particular assistance to those on lower incomes who had not previously benefited from tax concessions.

This allowance varies with the number of children so that less money is received for the first (or eldest) child under 16 years than for the subsequent (younger) child(ren). This policy of giving less for the first child recognised the case put by Henderson and others that low-income families with several children required additional assistance. However, in many cases it might be argued that the first child generates greatest cost in terms of children's furniture and clothes which then can be used for subsequent children. This argument assumes greater force in cases where the mother leaves the paid workforce. The impact of the loss of one income could well have most effect at the time of the arrival of the first child.

As well as the living wage debate, there were also pro-natal arguments underlying the introduction of child endowment. Third and fourth children are awarded more in spite of repeated findings that there are economies of scale in clothing and furniture. More than four children may however mean higher housing costs. The policy of giving more benefits to larger families is probably also related to an economic strategy characterised by cuts in the social wage in the areas of health, housing, and other public expenditure (Cass, 1983a).

The nexus of wage fixation and family allowances has obscured the point recognised only once in the Poverty Inquiry report when 'it is suggested that it might be *women* who are financially disadvantaged by their rearing of children' (in Cass 1983b, p. 183).

As Cass (1983a) points out, feminists have sought to turn the debate away from defining endowments as a help for families to one which defines endowment as a payment which recognises the 'separate rights of mothers to an income to relieve their dependency and in recognition of the economic contribution provided by women's unpaid childcare and housework' (p. 83). Further there is the argument that women should be paid for doing the work of rearing the nations's workforce.

The main pensions and benefits now paid to those eligible are shown in Table 1. The amount payable for children of pensioners and beneficiaries is $12 per child per week. In 1982 a Family Income Supplement was introduced for families with low income and this supplement amounts to $12 per child per week. Sole parents and widows with children may also be eligible for the guardian's allowance which amounts to an extra $8 per family per week.

There is other help for families in the area of taxation concessions. Where only one spouse is earning money in a married couple family, the government provides a Dependent Spouse Rebate, even where there are no dependent children. This is worth $830 per year and $1 030 per year where dependent children are present. It provides a tax concession of $16 per week to couples with no dependent children but which is worth nearly $20 per week to couples

Table 1 Incomes, benefits and allowances per week, Australia

Average weekly earnings — March 1984
- all males — $374.00 • all females — $302.70

Unemployment benefit — May 1984
- single — $89.40 • single under 18 years — $45
- married — $149.10 • married with one child — $161.10

Unemployed persons may earn up to $10 per week before losing any benefit.

Supporting parent's benefit and Widow's pension — May 1984
- with one child —$109.40 • with two children — $121.40

Supporting parents may earn up to $36 per week and $6 extra per child per week before losing any benefit.

Family allowance — May 1984
- with one child — $5.26 • with two children — $12.77 (i.e. $6.39 per child)
- with three children — $21.77 (i.e. $7.26 per child)

Children's allowance — May 1984 — allowance for pensioners and beneficiaries
- $12 for each additional child

Guardian's allowance — May 1984 — for sole parents
- $8.00 per family irrespective of the number of children

Family income supplement — May 1984 — for low income families not receiving pension or benefit
- $12 per child

Secondary allowance scheme — May 1984 — available to parents with school children in Year 11 and Year 12. Maximum allowance payable up to combined parental income of $12 983 p.a.: allowable income increased if there are additional children.
- $20.11 ($1046 p.a.) per child

Spouse rebate — for taxpayers with dependent spouse
- spouse only — $15.96 ($830 p.a.) • spouse with children — $19.80 ($1030 p.a.)

Sole parent rebate — for taxpayers with dependent children
- $15.00 ($780 p.a.)

Pensioner rebate — for pensioners and supporting parent beneficiaries
- $4.81 ($250 p.a.)

with at least one child under 15 or a dependent student. Because the money is not a cash benefit, but is a taxation concession allowed to a taxpayer, it is only available to the income earning spouse with taxable income. The amount of the rebate has been increased over the years; it is not subject to a means test on the taxpayer's income, but it is subject to a means test on the income of a dependent spouse. This means that there is a quite arbitrary rate of tax on the income of dependent spouses. The Sole Parent Rebate, also allowed only to a taxpayer, is based on similar principles to the Dependent Spouse Rebate. However, the Sole Parent Rebate which amounts to $780 per year is $250 less than the Dependent Spouse Rebate. It is allowed to a working parent who has no unpaid helper at home and who therefore has to pay to obtain these services, or who does a double job — one paid and one unpaid.

Anomalies in the tax and social systems involve the treatment of spouses in regard to the payment and receipt of maintenance. If the recipient is a man, maintenance is added to income or pension and is taxable, but if the recipient is a woman, maintenance is exempt from tax. However spouses paying maintenance to estranged (but not divorced) spouses may be allowed to claim the Dependent Spouse Rebate. Yet maintenance in the hands of a pensioner recipient attracts what amounts to a tax because pensions are adjusted when other income, including maintenance, exceeds the amount allowed before the rate of pension is reduced. The pension itself is taxable but the amount of tax can be reduced by the Sole Parent Rebate which is available to both sexes. One point relevant for courts making orders in respect of maintenance is that an estranged spouse paying maintenance may attract a tax rebate (i.e. Dependent Spouse Rebate) of $16-$20 per week.

These ad hoc approaches indicate that the taxation and social security systems are somewhat piecemeal and arbitrary, especially when it comes to dealing with families with children. There is no guiding philosophy or policy focusing on the importance of supporting families with children. Nor is the level of government expenditure based on any measure of actual costs.

Dependency in Families

The history of government intervention in alleviating poverty for families must be seen in the context of falling birth rates, a changed attitude to childhood, and an extension of the dependency of young people.

The extension of the dependency of young people has been happening in parallel with the demands by society for an educated workforce. Compulsory schooling meant the withdrawal of young people from the family labour force. In the past children were able to earn their keep at an earlier stage. The age for compulsory schooling in Australia has gradually increased during this century to 15 years of age in all States except Tasmania, where the school leaving age is 16 years. In the last twenty-five years, there has been a dramatic change in school retention rates in the later years of schooling. In 1961 only 26.3 per cent of girls, and 34.6 per cent of boys, aged 16 years attended school, but by 1981 these school participation rates had risen to 57.9 per cent for girls and 54.6 per cent for boys aged 16, and for 17-year-olds participation rates were 31.1 per cent for girls and 28.1 per cent for boys. This means that since 1961 almost twice as many families have dependent older teenagers to support. In earlier years many teenagers would have taken up paid apprenticeships. Although many teenagers work part time while they are still at school, there is no information about the amount contributed by them to family expenses.

Because the number of years of child rearing have been extended, parents have been obliged to accept financial responsibility until young persons are in their late teens or even early twenties. The Institute's Family Formation Study reveals a new pattern of transition to adulthood with many children leaving home, returning and later leaving again, so the family commitment may be extended even further.

Until recently, parents believed that post-secondary education ensured a profitable career. When jobs were plentiful many parents accepted the extra costs and burdens associated with extra schooling including both financial and domestic support for their student children. But recent experience of unemployment and recession has rather eroded this belief in education as a means of assured entry to the workforce.

In summary, then, there has been a drastic change in financial commitments for families. Whereas in the past, most 14 or 15-year-olds left school and became at least partly self supporting, now all young people stay at school until 15 years and one third to age 17. Even so Australia lags behind comparable OECD (Organization for Economic Co-operation and Development) countries in that only 44 per cent of Australian teenagers aged 15-19 years were in full time education in 1981. Comparable OECD countries have much higher school retention rates. If teenagers do leave school early, most cannot find employment, and can only claim a reduced unemployment benefit until they reach the age of 18. Governments have assumed that unemployed youth under 18 years have lower costs of living or that families will pick up the financial responsibility for this age group. That assumption is questionable, at least in relation to those 16 and 17-year-olds who do not live with their parents. In addition, the Secondary Allowance Scheme only provides assistance to those on very low incomes to help them to keep their children at school in Years 11 and 12.

Indeed the financial burden on families is much greater than has been supposed. American studies (C'son 1983) show that for people up to 22 years of age, two-thirds of the total costs of food and clothing are accumulated from 16 years of age and up. Thus this extension of dependency, which is unique to the latter part of the 20th century, is having a major impact on families of all types in Australia.

Legal Context of Cost of Children

The *Family Law Act* recognises the legal equality of both spouses at divorce and emphasises their equal rights and responsibilities (Asche 1975). Section 73 of the Act states that both parents have, according to their respective financial resources, the responsibility for the maintenance of the children of the marriage until the child reaches 18 years of age.

The *Matrimonial Causes Act*, although it made no such explicit statement, provided a power to make maintenance orders for children as did similar State legislation.

The legal obligation under the now repealed *Matrimonial Causes Act* extended to age 21, whereas under the *Family Law Act* this obligation extends only to age 18. State maintenance Acts, which were introduced last century and amended from time to time, usually cut out maintenance at age 16. In the previous *Matrimonial Causes Act*, the present *Family Law Act* and the State maintenance Acts, maintenance could and can be ordered beyond the legal age of majority. However, it is possible that maintenance could terminate well before the legal age of majority, for example, when the child becomes economically independent. In practice, and on the principles contained in the *Family Law Act*, it is probably easier to obtain a maintenance order for a child beyond the legal age of dependency now than it was in the past.

Ironically although children are now more often economically dependent for a longer time, recent changes have shortened their legal dependency — they can vote and enter into contracts from the age of 18 years.

Gamble (1981) makes the point that 'the *Family Law Act* . . . would seem to cut across much of the previous law for it imposes a positive duty upon the parents to support their children'. The implementation of this change in the legal status of children and parents will have an impact on future practice.

Child maintenance is usually calculated separately for each child. Variations to maintenance for each child could be built into the calculations and could take into account both increasing costs as the child gets older and, where relevant, increasing incomes earned by parents as they get older. Bessell-Browne (1982) comments that 'the actual cost of supporting a child does not appear to be a major factor' when determining the level of maintenance. Ability to pay is a major factor which is considered but courts could take more account of future earnings as well as future costs.

Maintenance for a spouse needs separate and deliberate consideration. The child component should not be dealt with merely as an increment to spouse maintenance. Comment has already been made about the tax provisions and the shifting of the incidence of tax from the taxpayer to the dependent spouse.

Bessell-Browne (1982) discusses the need to replace the concept of divorce which promotes the idea of a 'complete break and start again'. She says 'Values such as these serve to encourage the view that responsibility to support children ceases when the marriage contract is terminated'.

It is essential for courts to have available adequate information about costs of children, particularly Family Courts and Magistrates Courts where maintenance orders are being made. If some idea of cost is before a court, then the ability of each parent to pay should enable courts to determine the appropriate proportion of those costs for maintenance orders. Of course an inadequate payment will usually lead to further trouble for all, but a payment that is too high will tend to be avoided in many instances.

Methodology of Cost of Children Surveys

The methodologies of the various studies on the cost of children in Australia and overseas fall into three main approaches:

- a budgetary approach, i.e. a 'basket of goods' approach;
- an equivalence scale approach based on surveys of actual expenditure;
- a 'public opinion' approach based on surveys of what *should* be included as the minimum survival needs of children.

These three methodologies, discussed in detail in Appendix IV, can be used to reinforce each other.

The study in the United Kingdom by Piachaud (1979) uses a budgetary approach in which the 'basket' contains the minimum survival needs. The budgetary approach, admittedly subjective, is constrained by assumptions about societal values which are open to discussion. The equivalence scale approach has been used to derive poverty lines in Australia and elsewhere and aims to compare standards of living on the basis of expenditure of households. Thus in this approach, costs of children are derived according to the difference in

expenditure in similar households with and without children. The equivalence scale approach, also subjective, does not question whether standards of living are adequate. The third approach, based in the context of particular cultures and at specific times, incorporates generally held opinions about budgets and relative poverty. Indeed this method is a political instrument revealing the values of a society at a particular point in time. No study has established a 'public opinion' level of expenditure in Australia, but the surveys of actual expenditure do inform the public and help to establish public opinion.

Studies on the Cost of Children

In the work done by the Institute of Family Studies, the budgetary approach was used for the calculations of costs. This is also the approach taken by other studies such as those conducted by the Health Commission of New South Wales (1980), the Western Australian Institute of Technology (1982), and by Piachaud in the United Kingdom. Olson (1983) in the United States used the equivalence scale approach. Household Expenditure Surveys conducted by the Australian Bureau of Statistics have been used to derive equivalence scales by the Poverty Inquiry, and the Social Welfare Policy Secretariat (1981). The survey approach has been used by Bartlett (1980) for foster care children in Victoria, and by Owles and others (1983) at the Princess Margaret Hospital in Western Australia. The following section describes these and other studies on the cost of children. Surveys of actual expenditure by specific groups which help to inform public opinion have been conducted by the Australian Council of Social Services (Smith 1982).

Overseas studies

The **Piachaud study** was concerned with how many children were living in poverty in Britain. Piachaud estimated the cost of a minimum set of requirements. There was an admittedly subjective selection of goods and the selection omitted general costs such as those for housing rental, medical expenses or private school fees. Also ignored (deliberately) were the costs imposed on a family in terms of foregone earnings where a parent gives up work to rear children and child care costs where they do not. Piachaud's figures are not 'total' costs incurred by parents; nor are they in any sense an 'ideal' level of spending on children. Table 2 summarises the Piachaud costings, presenting them in Australian dollars for the year 1983.

The method used by Piachaud to calculate the cost of a child was simple. He used a low cost diet from a study of nutrition from the United States to give the minimum requirements of different age groups for three meals a day (see Appendix 1).

For clothing costs, Piachaud had the items below priced at Marks and Spencer's, a large retail chain throughout Britain. No allowance was made for the initial cost of clothing and other goods for a new baby.

> One overcoat, every two years; two pairs of shoes; two pairs of sneakers; four pairs of socks; one singlet; three pairs of underpants. Plus:
>
> - for a boy: two long, one short trousers, three shirts, two sweaters, one pair of pyjamas;
> - for a girl: two dresses, two trousers, two blouses, two cardigans/jumpers, one nightdress.

Toys, presents and pocket money were estimated on the basis of two modest gifts per year. Entertainment costs were estimated at the rate of four outlays per year and one week's low cost holiday camp per year.

Table 2 Summary of 1981 costs of a child per week from the Piachaud Study — in 1983 Australian dollars

	Age			
Components	*2*	*5*	*8*	*11*
Food	10.62	12.01	15.82	16.37
Clothing and footwear	3.55	4.07	4.10	4.51
Household provisions	.81	.81	.81	.81
Heating and lighting	1.59	1.59	1.59	1.59
Toys and presents	.11	.16	.20	.30
Pocket money	—	.33	.79	1.13
Cost of schooling	—	.22	.33	.44
Entertainments	.52	.52	.52	.52
Holiday	1.45	1.45	1.45	1.45
Total — per week	18.65	21.16	25.61	27.12
— per year	(970)	(1100)	(1332)	(1410)

Note: Exchange rate, May 1981
UK £1 = Aust$1.82
Australian CPI adjustment
1981 to 1983 = 23.1%

No other costs were taken into account since the researcher felt it to be too hard to estimate for one child the costs of wear and tear on collectively consumed articles such as furniture, appliances or housing.

As Piachaud (1979) said, his estimates are absolutely basic minimums. They do not allow for the wide variations in dietary needs, for how quickly clothes are worn out, for home heating costs, distances to be travelled to school, and of more consequence perhaps, Piachaud's estimates do not allow for the budgeting practices of parents who often cannot manage efficiently because of the inability to save or to bulk buy.

The cost of teenagers to their parents was even more difficult for Piachaud to assess. Since hobbies, leisure activities, school and transport costs all increase at this age, together with consumption of cosmetics, cigarettes, alcohol and clothing, the notion of a minimum set of requirements is open to even more challenge than it is for younger children.

As Piachaud only had resources for a small study of 91 teenagers in a range of socio-economic categories, he was cautious about generalising for the whole of the United Kingdom. Even so, the findings are of interest for the patterns that emerge. The survey asked teenagers (not their parents) how much they or their parents actually spent in fourteen categories. Table 3 gives actual weekly expenditure and shows girls spend more than boys. Table 4 shows that teenagers' actual expenditure was 40 per cent greater than they themselves perceived as their minimum need.

Edwards (1981) from the Family Economics Research Group of the United States Department of Agriculture (USDA) has produced estimates of the cost of children based on June 1980 price levels for data obtained from the 1960-61 Consumer Expenditure Survey and from a cooperative survey by USDA and the Bureau of Labor Statistics in the United States Department of Labor. The costs were developed separately for different geographic regions for those living in urban, rural non-farm and farm settings and at three cost levels — economy, low and moderate.

Table 3 Expenditure of teenagers per week in 1981 from the Piachaud Study — in Australian dollars

	Boys	*Girls*	*All*
Expenditure by:			
Teenager	11.58	14.78	13.22
Parent(s)	17.91	22.91	20.26
Combined expenditure			
Aged 14	23.35	31.16	27.85
Aged 15	33.67	43.04	38.26
All ages (13-16 years)	29.49	36.69	33.58

Note: Exchange rate, May 1981
UK£1 = Aust $1.82

Table 4 Average expenditure and 'minimum needs' of teenagers per week in 1981 from the Piachaud Study — in 1981 and 1983 Australian dollars

	Actual expenditure			*Teenagers' view of minimum needs*		
	Boys	*Girls*	*All*	*Boys*	*Girls*	*All*
Clothes, shoes	6.43	14.00	10.76	4.10	7.03	5.70
Toilet goods	1.20	2.60	1.97	1.07	2.64	1.91
Magazines, etc.	.89	.80	.84	.82	1.20	1.02
Records, etc.	1.31	.71	.98	1.51	1.82	1.67
Entertainment	4.97	4.46	4.71	2.62	3.48	3.09
Hobbies	2.66	2.24	2.44	1.15	2.49	1.87
Sweets, etc.	2.29	1.91	2.07	1.15	1.13	1.15
Alcohol	.82	.98	.91	.53	.33	.40
Cigarettes	.42	1.16	.82	.33	1.02	.71
School dinners	2.64	1.64	2.09	2.64	1.64	2.11
School transport	.82	1.18	1.02	.82	1.18	1.02
Other transport	1.40	1.77	1.58	.95	1.26	1.11
Presents	1.66	2.18	1.93	1.84	1.35	1.57
Anything else	1.95	1.06	1.46	.53	.69	.60
1981 cost	29.49	36.69	33.58	20.06	27.26	23.93
(1983 value)	(46.30)	(45.66)	(41.34)	(24.66)	(33.56)	(28.72)

Note: Exchange rate, May 1981
UK£1 = Aust$1.82
Australian CPI adjustment 1981 to 1983 = 23.1%

A second study, based on data from the USDA's 1973 **Farm Family Living Expenditure Survey** and on procedures modified from the first study (described above), provided estimates, including different costs by sex and for four levels of cost for farm families — thrifty (equivalent to Department of Agriculture's economy), low, moderate and liberal. These costings replace the farm child estimates from the first study.

The 1980 estimated cost of food from the 1960-61 Consumer Expenditure Survey has been converted to Australian dollar equivalents for this paper and has been collated in Table 5 for the different age groups in urban, non-farm rural and farm areas. The food costs in urban areas only have been translated into 1983 Australian dollars for purposes of comparison with other studies and are shown in Table 7.

Table 5 USDA 1980 food costs per week for children aged 2 to 15 years — in Australian dollars

Urban children (average of all urban areas)

	Ages of children				
Level	*2*	*5*	*8*	*11*	*15*
Economy	6.88	8.44	9.89	11.58	12.79
Low level	8.50	10.53	12.25	14.33	15.96
Moderate	10.40	13.73	16.27	19.26	21.53

Non-farm rural children

	Ages of children				
Level	*2*	*5*	*8*	*12*	*15*
Economy	6.33	7.89	9.25	10.88	11.98
Low level	8.06	10.27	12.08	14.07	15.33
Moderate	9.68	13.19	15.47	18.64	20.63

Farm children

	Ages of children				
Level	*2*	*5*	*8*	*12*	*15*
Thrifty	6.48	7.94	9.63	12.26	13.89
Low	8.11	10.27	12.23	15.83	17.67
Moderate	10.22	13.67	15.96	21.60	23.22
Liberal	12.24	17.26	20.40	26.78	28.39

Note: Exchange rate 1980
US$1 = Aust$0.8638

It should be emphasised that the USDA estimates included those items that are easily identified for a child and added to them a proportion of household fixed costs. In other words household fixed costs were divided between all household members and attributed on a per capita basis.

USDA estimates of the three levels — economy, low and moderate — are based on food plans indicating amounts of food eaten by children of different ages and sexes. These levels are used as a basis for spending patterns on the assumptions that families that spend similar amounts on food are living at similar levels and, that a family that spends at a low level on food also spends at a low level on other items. These assumptions are not necessarily valid. Families may be able to economise on food in rural areas but have to spend at much higher levels for other items.

The overall estimates include items specific to the United States such as medical care but not costs of higher education. No indirect costs such as foregone earnings are included.

Although estimates were developed mainly for families with 5 children, size-specific estimates also were calculated for families of varying sizes. These calculations reveal that per child costs for children in 5-child-families are 20 to 24 per cent less than those in 2-child-families. The per capita cost of 2-child-families decreases by 7 to 12 per cent when an extra child is added and the cost decreases by a further 12 per cent for 4-child-families and by a further 4 percent for 5-child-families. These decreases are a reflection of the methodology, which distributes household fixed costs on a per capita basis. However, child food costs do not decrease as much as other items. Only a 12 to 13 per cent decrease in food costs per child is noted between a 2-child-family and a 5-child-family.

In a recent study by **Olson (1983)** of the cost of American children, the 1972-73 Consumer Expenditure Survey (US Bureau of Labor Statistics) data were used to calculate the cost of children by subtracting the cost of families without children from the cost of families with children. In the Olson work costs for children over 15 years were extrapolated from the data on family expenditure patterns with college fees added.

Olson used cross-sectional estimates of total expenditure with family income projections from the Data Resources Inc. Demographic Economic Family Structure Model (DRI DECO) to project future costs of children. He included cost of housing, health costs (substantial for American families) and transportation (also substantial). College fees were added to his costs for children over age 15.

Projections of total costs were related to family income projections — including higher amounts earned by older parents, increased work participation by married women, and earnings of young people in their late teens. Olson found costs to be very sensitive to family income. He calculated costs for three different income levels. He found that total costs of two children were 1.69 times the cost of one child and three children cost 2.24 times the cost of one child.

One interesting finding was that total expenditure on a child in a one-parent home was higher than that on a child in a two-parent home, at low family income levels. Olson's data showed that one-parent families spent more on food, clothing and housing for young children aged 2-8 years than did two-parent families on similar low incomes. Olson's data also showed that black families spent more on children than did white families of similar low income levels.

Another study, again using the US Consumer Expenditure Survey data from 1972-73, was completed by **Espenshade** (1983). Using different methods to Olson he found contrary evidence that showed black parents spend less on children than white parents in similar income levels. Espenshade also found that more money is spent on children when wives worked.

Both Olson and Espenshade attempt to arrive at a total cost of a child from birth to adulthood. Espenshade's study takes the costings from birth to 18 years at 1981 dollar values; Olson takes costing from birth to 22 years at 1982 dollar values. When the requisite adjustments are made the total costs in both studies are similar. Initially Olson's costs appear to be higher because he built in inflation, but when Espenshade's figures are adjusted for inflation they are similar to those of Olson.

Australian studies

The Institute, in researching available information on the cost of children in Australia, found several surveys and costings conducted by a variety of organisations.

Information on families and cost of children has been collected in two **Household Expenditure Surveys (HES)** conducted by the Australian Bureau of Statistics in the years 1974-75 and again in 1975-76. For the purposes of these surveys, the Bureau included all dependent children up to the age of 18 years, but did not include expenditure for children by age group.

The Household Expenditure Survey 1975-76 reveals that as families increase in size, the weekly cost of food per person falls. This can be attributed perhaps to the presence of smaller children in large families and does not necessarily mean that economies of scale are made. Where expenditure on food for adults only was examined in capital cities in

Australia, there was a decrease (in 1983 dollars) from $31.97 for one adult in a 2-adult-household to $27.15 for one adult in a 3-adult-household. However these expenditure figures are not adjusted for the sex of the adults. Do women eat less than men? Are economies of scale revealed in these figures, or is the decrease attributable to a combination of male and female costs? If economies of scale are present then it is reasonable to assume that a person living alone will spend more. However, it is interesting to find very little change when more adults are added to a household. Virtually no economies of scale occur between the 2-adult and the 3-adult-household.

For households in capital cities, the Household Expenditure Survey shows a decrease in food costs to $22.19 per head for families of 2 adults and 1 child (age unknown), and a further decrease to $20.13 per head for families of 2 adults and 2 children. Are these decreases due to economies of scale or the age of the children?

The survey shows that pensioner families spend less on food; old age pensioners average $19.50 per head; the unemployed average $15.12 per head; and families with a widow's pension average $16.72 per head per week. These figures may be misleading due to the fact that different ages and sex combinations in these family groups are not taken into account.

A small number of unpublished case studies of families with above average income (i.e. between $25 000 and $30 000) reveals an overall expenditure of the order of $23 per head per week for food which is in line with the adjusted HES figures. These food costs can be useful but they still reflect an average of families of all sizes and ages.

The cost of clothes for children in low income families (i.e. families with incomes below average weekly earnings) revealed by the HES survey is $4.78 and in families of average weekly earnings about $5.04 per head.

Further, the HES survey reveals that, at low income levels, expenditure is curtailed on items such as household equipment and operations. Fuel costs for families may indicate an age factor as the survey reveals those with a widow's pension spent $2.28 per week per head whereas families of four with a widow's pension spent an income of average weekly earnings spent $2.08 per head per week on fuel.

In summary, the Household Expenditure Surveys indicate few economies of scale in regard to food costs and thus indicate the need to disaggregate food costs on the basis of age of children. Expenditure on food and clothing appears to be sensitive to income levels. Fuel costs appear to be geared to the number and age of persons in a household.

The **Department of Home and Consumer Studies at the Western Australian Institute of Technology** (WAIT) developed in 1972 a low cost menu as part of an Income/Expenditure Survey. The menu, shown in Appendix II, has been costed annually since 1972 for a family of two adults and two children aged 9 and 11. The method does not attribute costs individually but the costing is a very useful indicator of rising costs on an average basis. Results of the WAIT study are summarised in Table 6 and presented together with other Australian costings.

The Family Substitute Care Section of the **Victorian Department of Community Welfare Services** collected costs in 1980 from a survey of cottage mothers in their **Family Group Homes** (Bock 1981; Thompson and Bock 1982). These homes, containing 4 to 6 children, can be costed fairly accurately because paid cottage mothers manage a budget allocated by the Department. The Department aims to have children in a setting approaching a normal Australian home. Actual food costs in the Family Group Homes at the end of 1980 were (in

Table 6 Average food costs per week from Australian surveys

Survey	*Family type*	*Per head*	*1983 value*
ABS Household Expenditure Survey update by ACOSS 1981	family of 4	18.88	*(23.24)*
WAIT Dept. of Home and Consumer Studies	family of 4 — including 2 adults and 2 children, aged 9 and 11 years		
1980	— using low cost menu	13.24	
1981		14.29	
1983		13.67	13.67
Family Group Homes, Vic. (Cottage mothers)	family of 6-8 — including 2 adults and 4 to 6 children		
1980	— urban	14.58	*(19.54)*
	— rural	17.79	*(23.84)*
1981	— urban	18.20	*(22.40)*
	— rural	20.30	*(24.99)*
Foster Care Westernport, Vic.	foster children		
1980	average moderate diet	15.10	*(20.23)*
Health Commission of NSW	family of 4 — including 2 adults and 2 children aged 10 and 13 years		
1979	— using low cost diet	9.65	*(14.04)*
1983	— using economic (nutritionally adequate) menu	13.50	13.50
ACOSS, NSW			
1980	very poor families	12.77	*(15.72)*
Family and Children's Service Agency Dept. of Youth and Community Services, NSW	family of 4 — including 2 adults and 2 children		
1981	— minimum food	14.03	*(17.27)*
Smith Family, NSW	family of 5 — including 2 adults and 3 children		
1977	— minimum food	6.08	*(10.53)*

Note: Where figures are adjusted by CPI to 1983 dollar figures, the figures are shown in brackets. The cost of food falls roughly into two groups — a low group of about $14 per head per week; and a medium group of about $22 per head per week.

1983 dollars) $19.54 per person per week in urban regions and $23.84 for country regions. In 1981 they estimated their requirements for food (in 1983 dollars) at $22.40 for urban children and $24.99 for rural children per week. This average cost is for all age groups. Table 6 shows the original costs for 1980 and 1981 with the adjustment to 1983 dollars.

In 1980, a survey of foster children was done for **Foster Care Westernport Victoria** (Bartlett 1980) which showed food costs increasing with the age of the child. The average cost for food was $15.10 ($20.23 per week in 1983 dollars) per child. Table 7 shows the cost for food per head for different age groups together with costing from other Australian and overseas studies.

Table 7 Summary of various survey estimates of food costs per week for children aged 2 to 15 years — in Australian dollars

	Ages of children				
Survey	*2*	*5*	*8*	*11*	*15*
Piachaud-UK prices [a]					
1980	9.26	10.46	13.79	14.28	
1982	8.63	9.76	12.85	13.30	
(1983 value)	*(10.62)*	*(12.01)*	*(15.82)*	*(16.37)*	*(18.01)* [b]
Piachaud-Australian prices					
1980	8.63	9.24	12.67	12.74	
1983	**10.59**	**11.69**	**15.61**	**16.23**	**19.49** [c]
Health Commission of NSW					
economy menu					
1983	**9.30**	**10.70**	**13.30**	Boys **15.70**	**15.85**
				Girls **14.30**	**13.60**
Princess Margaret Hospital					
November 1982					
low expenditure	6.57	8.82	9.59	9.80	
medium expenditure	10.64	12.74	13.37	17.78	
mean expenditure	8.62	10.78	11.48	13.79	
(1983 value)	*(9.57)*	*(11.99)*	*(12.77)*	*(15.33)*	
Foster Care Westernport					
1980	11.90	18.60	15.00	17.70	23.25
(1983 value)	*(15.95)*	*(24.92)*	*(20.10)*	*(23.72)*	*(31.12)*
Home Economist's Food Plans					
1983	**14.00**	**13.02**	**18.20**	**26.74**	**31.50**
USDA urban children					
economy					
1980	6.88	8.44	9.89	11.51	12.79
(1983 value)	*(9.22)*	*(11.31)*	*(13.25)*	*(15.42)*	*(17.14)*
low expenditure					
1980	8.50	10.53	12.25	14.33	15.96
(1983 value)	*(11.39)*	*(14.11)*	*(16.42)*	*(19.20)*	*(21.39)*
moderate expenditure					
1980	10.40	13.73	16.27	19.27	21.53
(1983 value)	*(13.94)*	*(18.40)*	*(21.80)*	*(25.81)*	*(28.85)*
Olson					
low income					
(1983 value)	*(4.08)*	*(3.67)*	*(6.79)*	*(15.38)*	*(29.21)*
average income					
(1983 value)	*(10.00)*	*(16.06)*	*(22.61)*	*(34.21)*	*(50.76)*

Notes: (a) Prices rose between 1980 and 1981 but the cost of the pound sterling fell in relation to the Australian dollar. 1983 estimates have been calculated by adjusting the Consumer Price Indices from 1982 to 1983 CPI = 11.2%; from 1981 to 1983 CPI = 23.1%; from 1980 to 1983 CPI = 34%. All 1983 adjustments are shown in italics; actual 1983 costs are shown in bold.

(b) Food prices for teenagers were derived by Piachaud adding 10 per cent to the cost for 11-year-olds.

(c) Food prices for teenagers were derived for the Australian estimates by adding 20 per cent to the cost for 11-year-olds.

A comprehensive survey of foster parents was undertaken in 1983 by the Family Substitute Care Section of the Victorian Department of Community Welfare Services. The aim of this survey was to discover the cost of foster children. Preliminary results (personal communication, Department of Community Welfare Services) to hand support the Institute of Family Studies' calculations reported in this paper.

The **Children's Welfare Association of Victoria** (Withers 1983), which is concerned with children in residential care in non-government institutions, has looked at direct expenses of children under and over 12 years. The Association found that children of primary school age cost $41 in 1981-82 (about $45 in 1983 dollars) per week and teenagers' weekly cost was $66 in 1981-82 (approximately $73 in 1983 dollars). These estimates include approximately $5 for travel and motor vehicle expenses, an item not always included in other surveys. These total direct costs as calculated by the Children's Welfare Association of Victoria are similar to those calculated by the Institute of Family Studies using the 'basket of goods' approach.

The **Health Commission of New South Wales** prepared a Low Cost Food Budget in 1979. It was felt that this budget was at the moderately low rather than the economy level. When updated to June 1983 by the Sydney CPI food index the cost of food amounted to $14.04 per head (see Table 6). Estimation of food costs for different age groups was undertaken by the Commission in September 1983 on the basis of a nutritionally adequate amount of food at the most economic level needed to meet dietary requirements. The Commission makes the point that for low income groups it is not always feasible or appropriate to buy in bulk or to travel long distances for 'specials'. Their costing is shown in Table 7 and is about midway between the low level and the medium level group.

The Commission used powdered skim milk for all children except infants. If this were replaced by normal milk, the cost would rise by at least $1.75 per week for each child.

A report by the **Australian Council of Social Services** (ACOSS) *Living on the edge* (Smith 1982) which used ABS Household Expenditure Survey 1975-76 data updated to 1983 dollars includes a budget for Mr and Mrs Average of $23.24 per week per head for food. The report contrasts this figure with a survey which ACOSS conducted in 1981 of very poor families (mainly lone parents, the unemployed and low wage families). This latter survey found average weekly expenditure on food per person was $12.77 or $15.72 in 1983 dollars (see Table 6) with costs ranging from $30.78 for a person living alone to $11.88 per person per week in families of 6 persons of unstated ages.

The **Family and Children's Service Agency of the New South Wales Department of Youth and Community Services** calculated in 1981 an absolute minimum expenditure for a family of 2 adults and 2 children (reported in the *Sydney Morning Herald* 19 October 1981). The figure for food was $17.27 (in 1983 dollars) per week per head (see Table 6).

The **Smith Family** surveyed two families in November 1977 — one was a supporting parent with a 9-month-old infant and the other a 2-adult family with 3 primary school children. The food cost for the five member family was $10.53 (in 1983 dollars) per head per week, and $30.38 for the one-parent family of one adult and one infant.

The **Princess Margaret Hospital's Children's Medical Research Foundation** in Perth has been involved in a survey of children (reported by Owles and others 1983) which has costed the actual food intakes of normal, apparently healthy children, obtained while undertaking a study into nutritional intakes and anthropometric measurements of school children in

Perth, and of children taking part in a Five Year Growth Study. All socio-economic groups are represented. The costs, therefore, are for food eaten by the child, which although not necessarily an ideal diet, was nonetheless nutritionally adequate.

Food costs were obtained in October 1982 by taking a mean of prices from supermarkets, butchers and greengrocers in different parts of Perth, that is from a low socio-economic area and from a moderate to high socio-economic area. The 'specials' as advertised over a week in the *West Australian* newspaper were also used in the calculation to obtain mean prices for food items. Allowance was made for cooking losses and for non-edible portions, so the costing was for food actually eaten. These food costs for the different age groups at two levels of expenditure, low and medium, are shown in Tables 7 and 10. In contrast with the other Australian costings for food, even the medium level of expenditure from this survey appears to be low. However, it should be pointed out that in the 1975-76 Household Expenditure Survey, Perth prices were approximately 10 per cent below Melbourne prices.

Tables 6 and 7 summarise these Australian studies together with figures adjusted to 1983 Australian dollars. Table 6, showing average weekly food costs per head, indicates that the costs of low and moderate diets are remarkably similar in New South Wales, Victoria and Western Australia. The costings are averages for families and do not take into account differences due to ages of children. Table 7 summarises selected overseas and Australian studies giving estimates of food costs by age of children thus allowing comparison of Australian costs with those in the United Kingdom and United States.

The Approach of the Institute of Family Studies

It was considered premature for the Institute to attempt a full scale study of actual costs of children in Australia. It is clear that to do so necessitates arbitrary decisions on minimum requirements and the indentification of acceptable and adequate standards. Using Piachaud's budgetary or 'shopping basket' methodology the Institute derived two expenditure levels —first, a minimum diet and a basic wardrobe of clothes based on Piachaud items and second, a medium income level based on a home economists's food plans and the cottage mothers' wardrobe. Like Piachaud, the Institute has not included housing costs, private school fees and uniforms, or medical costs.

One of the reasons for omitting housing costs from the Institute's calculations is that they vary greatly from State to State. Although mortgages, rates and rents may be subsidised in some instances, there are so many variations that these costs need to be tackled in specific cases. It can be argued that the main costs would be attributed to adults in the household who need to expend money on housing for themselves in any case. When children reach the teenage years, accommodation expenses may increase because what was formerly adequate for young children may not be suitable for older children.

The reason for omitting medical costs from the Institute's calculations is that for very low income groups there are government subsidies and benefits. For medium income groups, there are costs for health insurance and levies which are not related to number or ages of children.

In Tables 8 and 9, the results of the Institute's calculations* of the Piachaud food items at a low income level are shown. The items were priced in May 1983 at an inner city (Fitzroy)

* All calculations done by the Institute of Family Studies on the cost of children such as food prices, clothing and grocery provisions are shown in 1983 Australian dollars unless otherwise indicated.

Table 8 Australian costs of items of Piachaud diets — 1983 — for children aged 2 and 5 years

	Two years old			*Five years old*		
	Qty	*Doncaster*	*Fitzroy*	*Qty*	*Doncaster*	*Fitzroy*
Cereals	85g	23¢	23¢	85g	23¢	23¢
Milk	1.6L	97	97	1.6L	97	97
Eggs	2	21	20	2	21	20
Yoghurt	200g	29	32	200g	29	32
Custard	71g	14	14	70g	14	14
Cheese	14g	6	6	14g	6	6
Sausages	(½) 43g	9	7	85g	18	14
Stewed beef	28g	10	12	28g	10	12
Ham steaks	(¼) steak	19	20	(½) steak	39	40
Baked beans	28g	4	3	28g	4	3
Spaghetti	28g	3	3	28g	3	3
Apples	2	16	22	2	16	22
Orange	1	15	12	1	15	12
Cabbage	56g	4	4	113g	7	7
Potatoes	113g	6	6	170g	9	9
Peas	56g	22		113g	22	
Frozen peas		11	10		21	20
Carrots	227g	23	23	227g	23	23
Tomatoes	28g	11	8	28g	11	8
Bread	6 slices	19	21	6 slices	19	21
Jam (2 serves)	28g	3	3	28g	3	3
Biscuits	3	10	11	3	10	11
Sugar	50g	3	3	100g	6	6
Fish (½ serve)*	56g	45	45	56g	45	45
Chips (½ serve)*	113g	40	40	113g	40	40
Total — for three days		$4.63	$4.45		$5.11	$4.91
— for seven days		$10.48	$10.38		$11.92	$11.46

Note: *full serve of fish costs 90¢; full serve of chips costs 40¢.

supermarket and at the same time in a high socio-economic area (Doncaster) in Melbourne. The results show very few differences in prices between Fitzroy and Doncaster for these basic diets for the four age groups, 2, 5, 8 and 11 years old. Note, however, that as children grow older, they eat more and therefore the cost of the food increases.

The Piachaud standards for children in the United Kingdom are not necessarily appropriate for Australia as the various Australian studies already described indicate. It was necessary therefore to establish some form of local Australian standard. To do this according to a nutritionally adequate diet for Australian children, the Institute of Family Studies asked a home economist of the Home Economics Department of Victoria College to prepare food plans for an adequate diet for different aged children (Devereux 1983). Appendix III shows the detailed nutritional requirements and the detailed food plans for the five age groups which provide the basis for calculations of expenditure for medium income families. These plans were costed by the Institute on the basis that all food would be prepared at home and cut lunches be provided.

If a family with five children of ages 2, 5, 8, 11 and 15 years ate at the cost of the home economist's food plans, the average cost would be approximately $21 per child per week.

Table 9 Australian costs of items of Piachaud diets — 1983 — for children aged 8 and 11 years

	Eight years old			*Eleven years old*		
	Qty	*Doncaster*	*Fitzroy*	*Qty*	*Doncaster*	*Fitzroy*
Cereals	85g	23¢	23¢	85g	23¢	23¢
Milk	1.82L	113	113	1.82L	113	113
Eggs	2	21	20	2	21	20
Margarine (13 serves)	182g	36	35	182g	36	35
Custard	0.14L	13	13	0.14L	13	13
Cheese	28g	12	12	28g	12	12
Sausages	1	18	23	1	18	23
Minced beef	112g	28	36	112g	28	36
Chicken	85g	23	25	85g	23	25
Baked beans	56g	9	7	56g	9	7
Apple	1	8	11	1	8	11
Orange	1	15	12	1	15	12
Banana	¼	7	2	¼	7	2
Cabbage	113g	7	7	140g	9	7
Cauliflower ($1.29 each)	140g	12	12	140g	12	12
Peas (frozen)	364g	68	65	364g	68	65
Carrots	196g	20	20	196g	20	20
Potatoes	280g	14	14	392g	20	20
Tomatoes	56g	23	17	56g	23	17
Bread	13 slices	41	46	13 slices	41	46
Jam	28g	3	3	28g	3	3
Rice Pudding	42g	4	3	42g	4	3
Cake	1	14	14	1	14	14
Sugar	100g	6	6	100g	6	6
Fish (1 serve)	85g	90	90	85g	90	90
Chips (1 serve)	113g	40	40	196g	60	60
Total — for three days		$6.68	$6.70		$6.96	$6.95
— for seven days		$15.59	$15.63		$16.24	$16.22

This figure is similar to those cited in the various studies shown in Tables 6 and 7 and the ABS Household Survey figure updated to 1983 of $23.24 per head.

Table 10 compares the costs of the home economist's food plans with food costs derived from the study done by the Princess Margaret Hospital's Children's Medical Research Foundation and the minimum Piachaud diet costed in Australia by the Institute of Family Studies in April 1983.

As can be expected the Australian home economist's food plans give a much higher cost per child than the Piachaud diet as costed in Australia. The home economist's food plans may include some items that some children do not eat, but substitutes for these foods would not change the overall cost to any great extent.

Food costs could be reduced by bulk buying and the use of powdered milk. Bulk buying involves considerable capital outlays, extra time use and transport costs. Bulk buying of perishables is usually not useful as food loses nutrients as it gets older. Often powdered milk is not acceptable as a drink by either adults or children. Although less milk consumption has been advocated by some dietitians, for costing purposes substitutes for milk such as fruit juices or soft drinks would not affect the total cost to any great extent.

Table 10 Food costs per week for children aged 2 to 15 years from three Australian surveys

	Ages of children				
Survey	*2*	*5*	*8*	*11*	*15*
Australian costing of Piachaud, 1983	10.59	11.69	15.61	16.23	
Home Economist's Food Plan menu, 1983	14.00	13.02[a]	18.20	26.74	31.50
Princess Margaret Hospital, 1982					
average cost of	8.61	10.78	11.48	13.79	
food consumed	∓2.03	∓1.96	∓1.89	∓3.99	
(1983 value)	*(9.57)*	*(11.99)*	*(12.77)*	*(15.33)*	
low expenditure	6.57	8.82	9.59	9.80	
medium expenditure	10.64	12.74	13.37	17.78	

Note: (a) The difference between the food cost for a 2-year-old and a 5-year-old mainly lies in the food plan menu which provides a chop for the 2-year-old (at 45¢) and mince meat for the 5-year-old (at 14¢).

Comparisons of Costs

In order to compare the Australian figures with those for the United Kingdom and United States, it is appropriate to consider the costs in relation to average weekly earnings. As most of the studies were done around 1980, the food costs can be considered in relation to earnings in 1980 for all three countries. In 1980 the average weekly earnings of non-farm workers in the private sector in the United States were US$234.93 (i.e. Australian $202.93). At this time Australian average weekly earnings were $275.20 for full-time male non-managerial employees. Using these figures, calculations show that food costs expressed as percentages of average weekly earnings are similar in the United States and Australia. The average weekly earnings of full-time male manufacturing workers in the United Kingdom in 1980 were UK £112 (i.e. Australian $230.64). Again food costs expressed as a percentage of average weekly earnings were of the same order in the United Kingdom as in Australia at that time. Thus comparison of trends in these three countries appears to have some validity.

Food

The 1980 figures for Piachaud's food items and those for the low level of expenditure for urban children in the United States are similar (see Table 7). The Australian home economist's food plan seems to be the equivalent of the moderate to liberal American diet as defined by the US Department of Agriculture's study of urban children.

Thus in preparing the Institute's estimates on the cost of children, the Piachaud (Australian) costs were accepted as appropriate expenditure for the low income group (see Table 14). Further, the Australian home economist's food plan costing was accepted as a suitable level of expenditure for the medium income group (see Table 15).

Food costs from all surveys show an increase with the age of the child, a fact which, surprisingly, has not been acknowledged in any of the policies relating to government pensions, special benefits, or family allowances, or to maintenance orders or divisions of property determined by courts. Policies do, and must, take into account other factors, but they need to be spelled out.

For the low income group the increase in food costs is just over 50 per cent from age 2 to 11. For the medium income group, the cost almost doubles from age 2 to 11 (see Tables 14 and 15).

Food costs for young children (aged 2 to 5 years) in low income families in Australia are approximately three-quarters of such costs in medium income families. For older children (aged 7 to 11 years) food costs in low income families are three-fifths of those in medium income families. Costs for urban families in the United States reveal similar differences where food costs in low income families for young children are two-thirds those in medium income families. Similarly for older children in America, food costs in low income families are three-fifths those of moderate income families. In both Australia and the United States, food costs for teenagers in low income families are three-fifths those in medium income families.

Clothing

Clothing items considered essential by the Piachaud study were costed in Australia in 1981 and 1983 dollars. The Australian costs are of the same order as those for the United Kingdom, and range from $2.16 per week for 2-year-old girls to $5.00 for 11 to 14-year-old girls. Boys' clothing costs were similar, ranging from $2.23 per week for 2-year-olds to $4.16 for 11 to 14-year-olds (see Tables 11 and 12). Tables 11 and 12 also show basic minimum Australian costs priced in a low cost chain store at the time of the 1983 winter sales. The average cost of boys' and girls' clothing in 1981 in the United Kingdom for the various age groups is also given for comparison.

Cottage mothers in the Family Group Homes in Victoria in 1981 detailed a wardrobe of more items than Piachaud's clothing list which ranged in price from about $5.77 per week for 2-year-olds to $8.65 for 11 to 14-year-olds. The survey in 1980 of foster mothers in Westernport, Victoria, who had long-term care of children, revealed very much lower expenditure on clothing, from $1.90 to $5.05 in the same age range, 2 to 14-year-olds.

Expenditure on clothing is a discretionary cost related to personal taste. Australian children of both sexes appear to live in jeans which can vary tremendously in cost. However, apart from the cost of school uniforms, the cost of clothing can be quite low, particularly for boys. Shoes are probably the most expensive item of clothing, but even here there is a trend towards wearing sneakers which vary in price from $10 to over $30.

Table 13 summarises all the clothing costs obtained by the various surveys described. For minimum costs, the Institute considers the Piachaud costing as the most appropriate measure and the cottage mothers' estimate an appropriate measure for adequate to moderate expenditure. However, further empirical work is needed to find out what kinds of clothes are worn by different age groups, and what these cost.

Because clothing costs also rise with age, and as they are a discretionary cost in many instances, it is more difficult to derive a formula for these costs. For the Institute's estimates on the cost of children, clothing costs have been collated into two income levels, low and medium, for different age groups in Tables 14 and 15.

Other costs attributable to children

In preparing these calculations on the cost of children the Institute of Family Studies has also collated some estimates on the cost of other provisions for children such as household items, lighting, heating, schooling, entertainments and holidays. The Piachaud costings in Table 2 have been used as a general guide to the minimum for these expenses because the American studies described have not separated out these expenses from other costs. Other costings have been taken from other studies for some items for the Institute's cost of children calculations.

Table 11 Girls' clothing costs per week for Piachaud Study wardrobe — in 1981 and 1983 Australian dollars

Girls

	2 years			5 years			8-11 years			11-14 years		
Piachaud items	*Qty*	*1981 average cost*	*1983 Aust. store sales*	*Qty*	*1981 average cost*	*1983 Aust. store sales*	*Qty*	*1981 average cost*	*1983 Aust. store sales*	*Qty*	*1981 average cost*	*1983 Aust. store sales*
Overcoat (½) or Anorak	1	9.00	10.00	1	8.60	11.00	1	11.00	11.00	1	17.00	11.00
Shoes	2	26.00	30.00	2	40.00	38.00	2	34.00	40.00	2	40.00	40.00
Sneakers	1	11.00	10.00	1	10.00	10.00	2	10.00	28.00	2	30.00	28.00
Socks	6	6.00	5.40	6	9.00	5.40	4	4.00	3.60	4	4.00	4.00
Singlets	2	3.20	3.20	2	2.50	3.40	1	1.57	1.70	1	5.00	3.00
Underpants	4	4.40	3.96	4	5.00	3.90	3	4.60	3.00	3	6.00	3.00
Dress — winter skirt	1	7.50	9.00	1	6.50	9.00	1	9.00	12.00	1	15.00	14.00
— summer	2	5.00	10.00	2	18.00	18.00	1	15.00	14.00	1	10.00	9.00
Jeans	1	9.00	3.00	1	11.00	5.00	2	34.00	20.00	2	50.00	30.00
Sweaters	2	16.00	14.00	2	20.00	14.00	2	22.00	18.00	2	32.00	17.00
Blouses	2	8.60	10.00	2	8.20	10.00	2	12.00	18.00	2	30.00	20.00
Nighties	2	7.00	6.00	2	14.00	7.00	2	24.00	8.00	2	21.00	10.00
per year		112.70	**114.56**		152.80	**134.40**		181.17	**177.30**		260.00	**189.00**
per week		2.16	**2.20**		2.94	**2.59**		3.68	**3.41**		5.00	**3.64**
average boys/girls per week			**2.24**			**2.64**			**3.31**			**3.67**

Note: Goods costed in 1983 are shown in bold.
Piachaud allowed for an overcoat every two years, thus only half the cost of an overcoat is accounted for in this table.

Table 12 Boys' clothing costs per week for Piachaud Study wardrobe — in 1981 and 1983 Australian dollars

Boys

	2 years			*5 years*			*8-11 years*			*11-14 years*		
Piachaud items	*Qty*	*1981 average cost*	*1983 Aust. store sales*	*Qty*	*1981 average cost*	*1983 Aust. store sales*	*Qty*	*1981 average cost*	*1983 Aust. store sales*	*Qty*	*1981 average cost*	*1983 Aust. store sales*
Overcoat (½) or Anorak	1	9.00	10.00	1	8.60	16.00	1	13.99	16.00	1	15.00	16.00
Shoes	2	26.00	30.00	2	40.00	38.00	2	40.00	40.00	2	44.00	40.00
Sneakers	1	11.00	10.00	1	10.00	10.00	1	30.00	28.00	1	32.00	28.00
Socks	6	6.00	6.60	6	9.00	6.60	4	5.00	4.00	4	8.00	8.00
Singlets	2	3.20	3.20	2	2.50	3.40	1	2.00	2.40	1	2.00	2.40
Underpants	4	4.40	3.96	4	5.00	3.96	3	4.50	6.00	3	7.50	6.00
Trousers/Jeans	1	9.00	6.00	1	11.00	6.00	2	36.00	20.00	2	33.00	34.00
Shorts	2	6.50	5.00	2	9.50	6.00	1	5.00	4.00	1	10.00	4.00
Shirts (long & t-shirts)	4	17.10	17.00	4	16.40	24.00	3	18.00	20.00	3	21.30	22.00
Sweaters	2	16.00	14.00	2	20.00	14.00	2	18.00	14.00	2	30.60	20.00
Pyjamas	2	8.00	12.00	2	12.00	12.00	1	9.00	12.00	1	13.00	12.00
per year		116.20	**117.76**		144.00	**139.96**		182.49	**166.40**		216.40	**192.40**
per week		2.23	**2.27**		2.77	**2.69**		3.51	**3.20**		4.16	**3.70**
average boys/girls per week			**2.24**			**2.64**			**3.31**			**3.67**

Note: Goods costed in 1983 are shown in bold.
Piachaud allowed for an overcoat every two years, thus only half the cost of an overcoat is accounted for in this table.

Table 13 Summary of various survey estimates of clothing costs per week for children aged 2 to 15 years — in Australian dollars

	Ages of children				
Survey	*2*	*5*	*8-11*	*11-14*	*15*
Piachaud — UK prices					
1981 — boys & girls	2.89	3.31	3.33	3.66	
(1983 value)	*(3.55)*	*(4.07)*	*(4.10)*	*(4.51)*	
Piachaud — Australian prices					
1981 — boys & girls	2.19	2.85	3.51	4.58	
(1983 value)	*(2.69)*	*(3.51)*	*(4.32)*	*(5.63)*	
1983 — (store sales prices)	**2.24**	**2.64**	**3.31**	**3.67**	
Family Group Homes, Vic. (cottage mothers)					
1981 — boys & girls	5.77	5.77	6.73	8.65	
(1983 value)	*(7.10)*	*(7.10)*	*(8.28)*	*(10.65)*	
Family Group Homes, Vic. (cottage mothers)					
1982 — Departmental allowance	4.33	5.00	5.00	6.54	7.21 boys 7.69 girls
(1983 value)	*(4.81)*	*(5.56)*	*(5.56)*	*(7.27)*	*(8.02)* boys *(8.55)* girls
Family Group Homes, Vic. (cottage mothers)					
1982 — direct costs	**4.55**	5.25	5.25	7.45	
Foster Care Westernport, Vic.					
1980	1.90	4.83	3.26	5.05	
(1983 value)	*(2.55)*	*(6.47)*	*(4.37)*	*(6.77)*	
Smith Family, NSW					
1981					3.77
(1983 value)					*(4.64)*
Family and Children's Service Agency, Dept. Youth & Community Services, NSW					
1981				3.77	3.77
(1983 value)				*(4.64)*	*(4.64)*

Note: Where figures are adjusted by CPI to 1983 dollar figures, the figures are shown in italics; actual costs are shown in bold.

Household provisions which include such things as toiletries and cleaning materials vary tremendously in cost, so an average costing has been used for the Institute's estimates. An amount of $1.08 per person per week was allotted for the medium income group, a figure which was derived from a case study of a family with three teenagers. It is not possible to use HES data for comparison purposes because HES costings for this category of expenditure are aggregated with other items. The figure of 80 cents per person per week has been used for household provisions for the low income group in the Institute's estimates and was taken from an updated 1983 figure from the Piachaud study.

Lighting and heating costs have been calculated as a general energy costing in the Institute's estimates. The price paid for energy varies among different family groupings and income

levels. For example, data from the Household Expenditure Survey of 1975-76 allot $494 (1983 dollar) for fuel and power to a family of four in Sydney or $2.37 per person per week whereas the fuel bill for unemployed families was $1.62 per head per week.

Other data from an unpublished case study show that electricity and gas expenses for one medium income family of 8 children aged 6 to 19 years for the year 1982-83 were $960 with an extra $680 for oil heating, amounting to $3.15 per person per week. In another case, a medium income family of 6 children aged 4 to 16 years, the expenditure on electricity and gas was only $611 (i.e. $1.47 per person per week). The difference of $1 029 is unlikely to be the extra cost of 2 teenage children. Yet another medium income family with 3 children aged 16 to 20 years spent $912 on electricity and fuel in the 1982-83 year (i.e. $3.50 per person per week). The different cost per week per person in these three examples result more likely from differences in lifestyle. The difference also suggests that the economies of scale argument can be misleading.

An information paper produced by the Victorian Department of Minerals and Energy in 1983 identified two major factors which appear to influence energy consumption: the numbers of people in the household and the income level. The Department found that a family of three has a bill very similar to the average of all households which is $3.54 per person per week. However, low income households of three persons were found to spend $2.56 per person per week.

The Institute for its calculations on the cost of children, decided it would be appropriate at this stage to keep to Melbourne prices and to use the Department of Minerals and Energy figure of $2.56 as low expenditure for energy costs per person per week and $3.54 as moderate expenditure (see Tables 14 and 15).

There are few Australian estimates on the expenses of **schooling**. Data from various case studies available to the Institute indicate that school sundries for 2 primary school children in 1982 amounted to $1.19 per week per child in a medium income family. However, for the Institute's estimates on the cost of children this figure has not been used as more data is needed to establish this. Instead the Institute has based school expenditures on State primary school expenditure from the ACOSS study (Smith 1982) which allotted 85 cents per child per week (see Tables 14 and 15).

It is very difficult to calculate average family **entertainment** costs because recreation costs vary widely. In 1983 the average price in Melbourne of a ticket to the cinema was $3 for children 15 years and under; it cost 60 cents to go to the Melbourne City Baths; to play one game on a pinball machine cost 10 to 20 cents; to go to the football cost $1.00 with 80 cents for a pie for lunch and 50 cents for the football record. The ACOSS study of families in Sydney found that a one-parent family with one child spent irregular amounts over a twelve week period averaging $4.06 per week for entertainment. However for these estimates on the cost of children, the Institute decided to allot a figure of $2.00 per week per child for recreation costs for the low income group and up to $4 per week per child for children aged 11 in the medium income group (see Tables 14 and 15).

Pocket money is a discretionary expenditure which varies with age. A survey done by the Institute in 1983 (Children in Families) reveals that about 20 per cent of 8 to 9-year-olds had no pocket money. Of the 80 per cent who received pocket money, most had to do work around the home to earn it. The most common amount of pocket money reported in this study was $1.00, with the next most common amount approximately 37 cents.

Table 14 Summary of estimates of costs per week of children aged 2 to 11 years in Australia — low income group — May 1983

	Age			
Component	*2*	*5*	*8*	*11*
Food	10.59	11.69	15.61	16.23
Clothing and footwear	2.24	2.64	3.31	3.67
Household provisions	.80	.80	.80	.80
Heat, electricity, gas	2.56	2.56	2.56	2.56
Costs of schooling	—	.85	.85	.85
Entertainments	—	2.00	2.00	2.00
Pocket money	—	.37	.37	1.00
Toys and presents	.50	.50	.75	.75
Total — per week	16.69	21.41	26.25	27.86
— per year	867.88	1113.32	1365.00	1448.72

Note: These figures are presented for discussion purposes and do not include costs for housing (mortgages, rents or rates); transport; school fees or uniforms; child care; holidays; medical or dental expenses. It is to be noted that the figures are a basic survival costing. Compare these figures with those from the Piachaud Study in Table 2.

Table 15 Summary of estimates of costs per week of children aged 2 to 11 years in Australia — medium income group — May 1983

	Age			
Component	*2*	*5*	*8*	*11*
Food	14.00	13.02	18.20	26.74
Clothing and footwear	4.55	5.25	5.25	5.25[a]
Household provisions	1.08	1.08	1.08	1.08
Heat, electricity, gas	3.54	3.54	3.54	3.54
Costs of schooling	—	.85	.85	.85
Entertainments	—	2.00	3.00	4.00
Pocket money	—	.50	1.00	1.00
Toys and presents	.50	.50	2.00	2.00
Holidays	1.44	1.44	1.44	1.44
Total — per week	25.11	28.18	36.36	45.90
— per year	1305.72	1456.36	1890.72	2386.80

Notes: These figures are presented for discussion purposes and do not include costs for housing (mortgages, rents or rates); transport; school fees or uniforms; child care; medical or dental expenses. Many of the costs are discretionary and may be greater or less depending on the lifestyle of the family.

[a] Clothing costs for 11-year-olds could range from $5.25 to $7.45. The higher amount, which applies to teenagers (see Table 16), would apply to a rapidly growing 11-year-old.

Almost half of the teenagers aged 15-16 years in the same study received pocket money which was contingent on doing jobs around the house. The average amount received was $5.64 for this age group with modes of $3.00 and $10.00.

In preparing the Institute's estimates on the cost of children, it was decide to allot a 'guesstimate' of 37 cents to $1.00 per week per child for pocket money for the low income group and 50 cents to $1.00 for the medium income group for children aged 2-11 years. For teenagers the pocket money allocation per person per week is $3 for the low income group and $10 for the medium group.

For items like **gifts**, expenditure in families can vary enormously and the figure given in the Institute's calculations is very much an estimate ranging from 50-75 cents per child per week for low income 2 to 11-year-olds, 50 cents to $2 per child per week for medium income 2 to 11-year-olds, and from $2-$4 for teenagers of both income groups (see Tables 14, 15 and 16).

So many people do not have **holidays** that this item was deemed irrelevant for a low income costing. Holiday costs therefore have not been counted for the low income group. However, for medium income groups, a two week holiday at the beach was estimated to cost in the region of at least $300 for a family of four, that is $1.44 per person per week averaged over the year (see Table 15).

Table 14 gives the estimated costs for food, clothing, household provisions, fuel, schooling, entertainment, pocket money and gifts at the low income level for children under 12 years. The table does not include the cost of housing, transport, medical and dental expenses, school fees and uniforms, child care, or holiday expenses.

Table 15 gives a medium level of expenditure for children under 12 years and probably approaches what is normal expenditure for an Australian child. The expenditure on the items listed is not excessive, but excludes the cost of housing, transport, medical and dental expenses, child care, school fees and uniforms.

Table 16 summarises the information the Institute has collated on teenage costs. The costs are only estimates but form a reasonable basis for discussion about the cost of teenagers. Costs estimated by the University of Melbourne are in line with these estimates.

Carol Butters (1984) from the Student Financial Aid Office of Melbourne University has compiled detailed costs obtained from surveys of students for the purposes of providing financial aid for students. She has compiled these costs at two income levels — an average level with costs of $125 per week and a low minimum level with costs of $73 per week. The minimum level applies to those who have no transport costs and who have the time to get bargains at the market and time for other cost cutting initiatives. These minimum estimates allow no expenditure on clothes, fares or entertainments. The University recognises that the minimum expenditure is inadequate. Included in both levels of expenditure are accommodation costs of $32-35 per week. When housing and transport costs (which approach $15 per week for the average income group) and specific university costs are subtracted, the average income group has $69 per week left to buy food and other items and for the low income group $32 per week is left.

La Trobe University provides its students with *A guide to some survival skills for prospective students-1984* which gives estimates of expenditure for various items. Again, when university books and services, transport costs of about $22 per week and housing costs ($35 per week) are removed, the costs per student are estimated to be about $65 per week without including costs for clothing.

From the evidence on the costings of teenagers and students it appears that the average cost of teenagers in Australia is in the region of $70 per week for medium income levels, and $30-40 per week for low income levels.

It is interesting to consider the weekly costs of children of various ages in conjunction with average weekly earnings and government benefits and allowances as set out in Table 1. The total possible government allowances for an Australian child under 6 years would be $25.26 per week. This might possibly approach the cost of 2 to 5-year-olds without

Table 16 Summary of estimates of costs per week of teenagers in Australia — May 1983

Component	Low income group	Medium income group	University of Melbourne Minimum	University of Melbourne Average	Piachaud Study in $A
Food	19.49[a]	31.50	16	28	18.01
Clothing, footwear	5.63	7.45	—	6[b]	4.51
Fuel costs	2.56	3.54	5	10	1.47
Household provisions	.80	1.08	—	—	.80
Costs of schooling, books etc.	3.00	5.00	1[c]	5[c]	
Gifts	2.00	4.00			
Pocket money	3.00	10.00	10	20	
Entertainments	5.00	5.00			17.22[d]
Holidays	—	1.44	—	—	—
Total — per week	41.48	69.01	32	69	42.01
— per year	2156.96	3588.52			2184.52

Notes: These figures are presented for discussion purposes and do not include costs for housing (mortgages, rents or rates); transport; school fees or uniforms; sport; phone; medical or dental expenses. The figures in the low income group and the Piachaud Study are a basic survival costing. In this table the costs for boys and girls have been averaged but data from the Piachaud Study show that teenage girls spend more than boys on clothing and entertainment.

[a] Food for the low income group was calculated as 20 per cent more than it cost for an 11-year-old (see Table 14) based on the ratios of costs in the Home Economist's Food Plan. Piachaud estimated food costs for teenagers as 10 per cent more than the cost for an 11-year-old.

[b] The University of Melbourne estimates $15 p.w. for fares for average expenditure and suggests that this amount be reallocated to clothes when not used for University travel in vacations. We have reallocated this amount on a weekly basis but realise that money will be needed for fares during vacation.

[c] University general service fees etc. are not included.

[d] Piachaud's figure for entertainment includes other items such as costs for schooling, expenditure on cosmetics etc.

considering any unforeseen expenditure such as illness and without any expenditure on improving the quality of life such as extra heating or holidays. For a teenager, the amount allowed to a low income parent remains at $25.26 per week (the same level as for younger children), an amount which barely covers the cost of food at a survival level. For some families, there is the Secondary Allowance Scheme to assist in keeping Year 11 and 12 students on at school, but it does not help to pay the increased food and clothing costs incurred by teenagers.

In summary, an Australian family with two primary school children will have costs on average directly attributable to those children of between $4 000 and $4 500 per year. These costs would increase by at least $1 000 per year for teenage children. Families with incomes equal to average weekly earnings have an after tax income of about $15 000. When costs of children, housing and the costs of two adults are subtracted from this amount, there is very little available for savings.

It is clear that many families do not have incomes capable of meeting even the costs calculated for low income groups. The question may be asked: 'How do these families cope?' Several recent surveys such as Learner and Lovering (1983), Sparks and Antonetti (1983) show that people on pensions or benefits frequently sacrifice their own needs for food and clothing so that their children won't suffer. Financial counselling and/or adequate

and friendly community resources are very important supports to enable low income families to survive. The way in which resources within families are distributed and community resources are used are major areas for further research.

Use of Cost of Children Calculations

Those who use these calculations on the cost of children in Australia should be aware of their deficiencies and adjust them for their own circumstances. The Institute sees the need for more empirical work on the cost of children to present a complete picture of all costs for families of differing combinations of ages, sexes and of lifestyles in Australia.

There needs to be further examination of costs of households with various combinations identified with regard to sex, age and income, because most available information does not give costs broken down by age and sex of family members. It would be useful for the Australian Bureau of Statistics to regroup its data from the Household Expenditure Survey to take these factors into account. To make no distinction between the costs of children aged 2 to 17 years is unsatisfactory.

In the meantime, these Institute calculations will enable users to identify a variety of costs of children. Tables 14, 15 and 16 give a breakdown of identifiable costs in 1983 dollars for different age groups and for two broad income groups — a low income group and a medium income group. The major costs identified as attributable to each child include food, clothing and footwear, toys and presents, pocket money, school expenses other than private school fees or school uniforms, entertainments, household provisions such as cleaning materials and toiletries, fuel expenditures and the costs of holidays.

The Institute's calculations have not attempted to relate the cost of children to the age of parents. Studies which identify age of parents presumably assume that older parents earn more. Such an assumption is dubious and probably irrelevant in considering household costs. Much more likely is that young parents have young children who cost a fairly small amount and older parents have teenage children who cost more. The critical relationship is not age of parents and cost, but age of children and cost with constraints imposed by income.

The Institute's calculations do not deal with fixed household costs, consumer durables such as housing, furniture and vehicles, or rents, mortgages, rates and taxes. There may well be no relationship between the acquiring of consumer durables and the size of the household; instead there may be a relationship between purchases and the income or asset level of the family unit within a life cycle framework. However, more research on this matter would need to be done to establish the validity of such a relationship.

In future work on the cost of children, particular hobbies and tastes need to be identified and account taken of the particular lifestyle and income level for each specific case. In addition, costs that have been identified, but not quantified, such as housing, transport, school fees and uniforms and medical costs need to be examined for each specific user.

The cost of child care has not been included in the Institute's calculations but in future research such cost should be counted for parents who have custody of young children. Even when they are not employed full time, parents and particularly lone parents will need child care assistance. Child care, essential for working parents, could add between $20-$45 per week at least to the costs of 2 to 5-year-olds (see ABS *Child care arrangements*, 1980).

The cost of wages foregone would need to be calculated for any custodial parent who has been prevented from earning a wage because of child care responsibilities. So too would the loss of wages or promotional opportunities need costing for parents who choose not to move because of considerations of schooling.

Another factor that has not been included in this Institute paper is the cost of time. Parents spend major parts of their lives feeding and looking after their children. In some instances money can substitute for time. Takeaway foods can substitute for time taken to prepare home made meals. Time spent on children which could have been spent in furthering a career could be included in the cost of children. The costs and benefits of time used by parents in rearing children is however another study. In the meantime it should be noted by those concerned with orders for maintenance, that a custodial parent in the workforce may have increased costs because they have less time to spend shopping for specials, cooking low cost meals, sewing clothes, or minding their children after school and during holidays.

Of those costs for which the Institute was not able to include estimates, the following comments indicate the directions further costing might explore.

Transport costs for secondary school students may be in the order of at least $5 per week without counting weekend sport activities or school excursions. The cost of sport for teenagers can vary enormously and includes clothes, equipment and club costs.

Neither has the cost of running a car been included. It can be argued that car costs would be incurred whether there are children or not. It is only if a large car or a second car is needed that such costs could be included as direct costs.

Discretionary costs such as private school fees and school uniforms have also not been counted for the medium income group.

Neither have medical costs and dental costs been included. The cost of doctors and hospitals for the low income group are often waived. For medium income groups the picture is confused by the variations in health insurance schemes. The recently introduced government Medicare levy applies no matter what ages or number of children. The 'gap' between 85 per cent and 100 per cent cover can be eliminated by bulk billing but in any case cannot amount to more than $10 per service. Dental costs and pharmaceutical costs will vary depending on the amount and type of service needed for all groups.

The Institute has not attempted to identify those costs borne by parents who have the responsibility for a handicapped child. Such costs need to be specially considered for each case.

Conclusion

The data presented by the Institute in Tables 14, 15 and 16 are a first attempt in Australia to relate age of children and income in considering costs for families. The costing has only counted those items that are absolutely necessary for an Australian child today taking into account the values of our society.

That children cost more as they grow older is an almost self evident truth. That this is so is clearly demonstrated by the data collected by the Institute and from the surveys described in this paper. It has been noticed by most researchers that, as income rises, so too does family expenditure, but this observation often obscures the fact that, in most families as children

grow older, they cost more. It would seem however that family groups do adjust their lifestyles to their available income but it remains true that for all levels of income, older children do cost more.

Australians today hold many different values. What may seem important to buy or consume for one family may be quite different for another. The Institute is not in the business of making value judgements about how much an Australian family should spend or on what they should spend their money. But we do suggest that every child needs an adequate diet, proper clothing and other services, and it is the community's role to ensure that no family falls below these minimum levels.

Finally it should be pointed out that although children have always been a cost, it was not until the middle of the 19th century that they ceased to be an economic asset in Western countries. Previously children were an investment as an extra unit of labour and as security in old age. They are now an investment for love, happiness and an enhanced quality of life. However, in today's society which expects a well-trained labour force, the dependency of children has extended to at least the end of secondary schooling. It is thus imperative that governments recognise the changes that have occurred and that they take steps to enable families to cope with these increased costs.

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Appendix I

Piachaud Minimum Diet

	Breakfast[b]	*Lunch*	*Tea*
I For children aged 2[a] and 5 years			
Day 1	cereal, 1 oz + milk, ¼ pint 1 egg, class 2 1 slice bread + margarine 1 cup of milk	sausages, 2 oz (1 oz) potatoes, 4 oz (2 oz) cabbage, 4 oz (2 oz) 1 orange, 4 oz 1 cup of milk	spaghetti, 1 oz cheese, ½ oz tomatoes, 1 oz 1 slice bread margarine + jam 1 cup of milk
Day 2	cereal, 1 oz + milk, ¼ pint 2 slices bread + margarine 1 cup of milk	fish, 2 oz chips, 4 oz peas, 4 oz (2 oz) carrots, 4 oz yoghurt, ⅓ pint	ham, 1 oz 1 slice bread margarine + jam 1 apple, 3 oz 1 cup of milk
Day 3	cereal, 1 oz + milk, ¼ pint 1 egg, class 2 1 slice bread + margarine 1 cup of milk	stewed beef, 1 oz peas, 4 oz carrots, 4 oz potatoes, 2 oz 1 apple, 4 oz 1 cup of milk	sausages, 1 oz baked beans, 1 oz biscuits, 1 oz 1 cup of milk
II For children aged 8[c] and 11 years			
Day 1	cereal, 1 oz + milk, ¼ pint 1 egg, class 2 2 slices bread + margarine 1 cup of milk	minced beef, 2 oz potatoes, 7 oz (3 oz) cabbage 5 oz (4 oz) 1 orange, 7 oz 1 cup of milk	cauliflower cheese, 6 oz peas, 4 oz 2 slices bread + margarine 1 cup of milk
Day 2	cereal, 1 oz + milk, ¼ pint 3 slices bread + margarine 1 cup of milk	fish, 3 oz chips, 7 oz (4 oz) peas, 5 oz 1 cup of milk	sausages, 2 oz baked beans, 2 oz 2 slices bread + margarine cake, 2 oz 1 apple, 4 oz 1 cup of milk
Day 3	cereal, 1 oz + milk, ¼ pint 1 egg, class 2 2 slices bread + margarine 1 cup of milk	stewed chicken, 3 oz potatoes, 7 oz carrots, 7 oz peas, 4 oz rice pudding + jam	beefburger, 2 oz tomatoes, 2 oz banana, 2 oz + custard, ½ pint 2 slices bread + margarine 1 cup of milk

Notes: [a] Quantities for a child aged 2 are shown in brackets when they differ from those for a child aged 5.
[b] All weights are uncooked weights.
[c] Quantities for a child aged 8 are shown in brackets when they differ from those for a child aged 11.

Appendix II

WAIT, Department of Home and Consumer Studies, **Low Cost Menu** — for 2 adults and 2 children aged 9 and 11 years

	Breakfast	*Lunch*	*Tea*
Monday	grilled cheese on toast, jam or vegemite, tea or coffee[a] milk	sandwiches[b] with peanut paste celery piece of fruit	beef & bean casserole cabbage mashed potatoes steamed pudding
Tuesday	fruit juice bran & cereal toast & jam, vegemite or p. paste, tea or coffee	sandwiches with curried egg lettuce piece of fruit	macaroni cheese green vegetables apple crumble & ice cream
Wednesday	baked beans sprinkled bran toast & jam, vegemite, or p. paste tea or coffee	sandwiches with pilchards lettuce celery piece of fruit	Spanish neck chop casserole green vegetables lemon delicious
Thursday	fruit juice bran & cereal toast & jam or p. paste tea or coffee	sandwiches with cheese & vegemite lettuce piece of fruit	fish cakes coleslaw rhubarb ice cream
Friday	boiled eggs toast & jam, vegemite or p. paste tea or coffee	sandwiches with polony/sausage meat lettuce & capsicum piece of fruit	spaghetti bolognaise green salad pears & chocolate instant pudding
Saturday	fruit juice bran & cereal toast & jam etc. tea or coffee	split pea soup wholemeal bread fruit & yoghurt baked apples & custard	roast[c] (bolar blade) pumpkin, cabbage
Sunday	scrambled eggs toast & jam etc. tea or coffee	pizza piece of fruit	cold roast rice salad lemon jelly

Notes: (a) *Weekly allowance includes:*
250g tea or 100g instant coffee

(b) *Sandwiches allowed:*
2 rounds — male
1 round — female
1½ rounds — each child
12 slices of wholemeal bread in total

(c) *Roasts could include:*
bolar blade beef
brisket — uncorned
corned leg hogget
meat loaf
steaming fowl
shoulder lamb
shoulder pork
leg lamb

(d) *Snacks allowed:*
Ingredients to make snacks such as date loaf, scones, biscuits or pikelets. 500g SR flour, 250g sugar, 3 eggs, 1 litre milk, 150g dates, 1 cup rolled oats, bran, spices, 125g cheese.

Appendix III

Home Economist's Food Plans prepared by H. Devereux, Home Economics Department, Victoria College, Armidale.

Daily allowance — 2-year-old	
Fruit & Vegetables Group At least 4 servings/day	1 serving = 70-80mls fruit juice or 3 tbspns fruit or vegetables
Bread & Cereals Group At least 4 servings/day	1 serving = ¾ slice bread, or 16g ready-to-eat cereals, or ¼ cup of cooked cereal
Milk Group 500ml — 1 litre/day 2-4 servings @ 250ml	
Meat Group 1-2 servings/day	1 serving = 50-60g meat, fish, poultry, or 1-1½ eggs, or 2 tbspn peanut butter, or 4 cups legumes
Butter & Table Margarine Group At least 3 servings/day	1 serving = 1 tspn/day

One day food plan — 2-year-old	
Breakfast Vitabrit Milk Orange juice (70-80mls) Toast & vegemite	*Mid-afternoon* Chocolate wheatmeal biscuit Milk
Mid-morning Apple Cheese stick	*Dinner* 1 grilled loin lamb chop 1 tbspn potato 1 tbspn carrot 1 tbspn peas Icecream
Lunch Peanut butter sandwich Anzac biscuit ½ banana Glass milk	Water during the day

Costed May 1983, Melbourne	*Quantity*	*Cents*
Cereals	1 Vitabrit	7
Milk	.75L	46.5
Orange juice	70mls	6.3
Margarine		5.0
Bread	3 slices	10.5
Vegemite		0.6
Peanut butter	1 dspn	6.0
Sugar		1.0
Apple	1	11.0
Cheese stick	1	17.0
Banana	1	8.0
Potatoes	70g	3.5
Carrot	½	5.0
Peas	45g	8.1
Icecream	100mls	8.3
Biscuits	2	10.4
1 chop		45.0
Total — for one day		$2.00
— for seven days		$14.00

Daily allowance — 5-year-old	
Fruit & Vegetables Group	
At least 4 servings	1 serving = ½ cup juice, or 4 tbspns raw or cooked fruit or vegetables, or 1 medium apple, pear, orange
Bread & Cereals Group	
At least 4 servings	1 serving = ¾-1 slice bread, or 25-30g ready-to-eat cereal, or ½ cup cooked cereal
Milk Group	
At least 500ml-1 litre	
i.e. 2-4 servings @ 250mls	
200mls milk is equivalent to 30g cheese	
Meat Group	
At least 4 servings	1 serving = 1 egg, or 40-50g lean meat, fish, poultry, or 2 tbspns peanut butter, or ½ cup legumes, or 25-35g nuts
Butter & Table Margarine Group	
At least 3 servings	1 serving = 1 tspn

One day food plan — 5-year-old	
Breakfast	*Mid-afternoon*
Orange juice	Glass of milk
Porridge with milk & sugar	Nuts
Toast — vegemite or peanut butter	*Dinner*
Mid-morning	Spaghetti bolognaise
Glass of milk	Tossed salad — lettuce, tomato, cucumber, or vegetables in season
Banana	Milk jelly & stewed apricots
Lunch	Water during the day
Scrambled egg on toast	
Pear	
Glass of milk	
Wheatmeal biscuit & dried fruit	

Costed May 1983, Melbourne	*Quantity*	*Cents*
Porridge	30 g	10.0
Milk	.75L	46.5
Orange juice	70 mls	6.3
Margarine		5.0
Bread	2 slices	7.0
Vegemite		0.6
Peanut butter	1 dspn	6.0
Sugar		1.0
Egg	1	10.0
Pear	1	15.0
Dried fruit	30g	7.2
Banana	1	8.0
Spaghetti	70g	5.6
Tomato	35g	5.0
Salad vegetables	45g	8.1
Stewed fruit	45g	10.0
Biscuits	1	5.2
Minced meat	45g	14.4
Nuts	30g	10.5
Gelatin	1 dspn	5.0
Total — for one day		$1.86
— for seven days		$13.02

Daily allowance — 8-year-old	
Fruit & Vegetables Group At least 4 servings/day	1 serving = 125 mls fruit juice, or ½ cup fruit or vegetables — cooked, or 1 cup fruit — raw
Bread & Cereals Group At least 4 servings/day	1 serving = 1 slice bread, or ½ cup ready-to-eat cereal, or ½ cup cooked cereal
Milk Group 500 ml — 1 litre/day i.e. 2-4 servings @ 250 mls	
Meat Group 1-2 servings/day	1 serving = 50-75g meat, fish, poultry, or 2 eggs, or 1 cup cooked legumes, or 4 tbspns peanut butter
Butter & Table Margarine Group Minimum of 20g/day	1 serving = 6.6g

One day food plan — 8-year-old	
Breakfast Orange juice (½ cup) Cornflakes, milk & sugar Poached egg on toast Glass of milk	*Mid-afternoon* Wheatmeal biscuit with peanut butter or vegemite Glass of milk *Dinner* Roast chicken Roast potatoes, pumpkin, beans Apple pie and custard or icecream Glass of milk
Mid-morning Wheatmeal biscuit & raisins	
Lunch Cheese & salad sandwich Apple Flavoured milk	Water during the day

Costed May 1983, Melbourne	*Quantity*	*Cents*
Orange juice	80ml	7.2
Cornflakes	30g	7.8
Egg	1	10.0
Milk	.75L	46.5
Margarine	3 serves	8.4
Sugar		1.0
Bread	3 slices	10.5
Raisins	40g	9.5
Biscuits	2	10.4
Peanut butter	1 dspn	6.0
Cheese	1 slice	7.6
Lettuce	30¢ for ½	3.0
Apple	1	11.0
Potato	175g (1)	8.8
Pumpkin	1 slice	7.0
Beans	112g	22.0
Chicken leg	1	51.0
Apple pie	1 slice	16.0
Icecream	200ml	16.5
Total — for one day		$2.60
— for seven days		$18.20

Daily allowance — 11-year-old

Fruit & Vegetables Group
4-5 servings/day

Serving sizes as per 8-year-old

Bread & Cereals Group
4-5 servings/day

Serving sizes as per 8-year-old

Milk Group
As for 8-year-old

Meat Group
As for 8-year-old

Butter & Table Margarine Group
As for 8-year-old

One day food plan — 11-year-old

Breakfast
Orange juice
Porridge with milk and sugar
Baked beans on toast
Glass of milk

Mid-morning
Cheese stick
Savoury biscuit

Lunch
Egg and lettuce sandwich
Small cake — plain
Banana
Flavoured milk

Mid-afternoon
Wheatmeal biscuit with peanut butter or vegemite
Glass of milk

Dinner
Tuna patties
Potato chips
Brussell sprouts
Carrots
Fruit salad and icecream
Glass of milk

Water during the day

Costed May 1983, Melbourne	*Quantity*	*Cents*
Orange juice	80mls	7.2
Porridge	40g	13.2
Milk	.75L	46.5
Sugar		1.0
Bread	3 slices	10.5
Baked beans	small tin	27.0
Cheese sticks	1	17.0
Sao biscuits	1	3.8
Egg	1	10.0
Lettuce	½ = 30¢	3.0
Banana	1	8.0
Brussel sprouts	100g	15.0
Carrots	1	10.0
Potato chips	1 serve	60.0
Tuna patties	1	65.0
Fruit salad	150g	36.0
Icecream	200mls	16.5
Cup cake	1	14.0
Biscuit	1	3.8
Peanut butter	1 dspn	6.0
Margarine	3 serves	8.4
Total — for one day		$3.82
— for seven days		$26.74

Daily allowance — 15-year-old

Fruit & Vegetable Group
4+ servings/day — Serving size as for 8-year-old

Bread and Cereal Group
4+ servings/day — Serving size as for 8-year-old

Milk Group
Minimum 1 litre/day
4+ servings @ 250ml

Meat Group
1-2 servings per day — 1 serving = 75-100g meat, fish, poultry then as for 8-year-old

Butter and Table Margarine Group
Minimum of 20g per day

One day food plan — 15-year-old

Breakfast
Orange juice
Rice bubbles with milk & sugar
Boiled egg
Toast with peanut butter or vegemite
Glass of milk

Mid-morning
Apple
Peanuts

Lunch
1 strasburg and salad sandwich
1 cheese and lettuce sandwich
1 apple
Flavoured milk

Mid-afternoon
Wheatmeal biscuit
Dried fruit
Glass of milk

Dinner
Rissoles
Mashed potatoes
Braised cabbage
Carrot sticks
Zucchini
Cheese cake

Evening snack
Glass of milk
Banana/piece of fruit cake

Water during the day

Costed May 1983, Melbourne	*Quantity*	*Cents*
Orange juice	80mls	7.2
Rice bubbles	50g	14.0
Sugar		2.0
Milk	1L	62.0
Eggs	1	10.0
Bread	5 slices	17.6
Margarine	5 serves	14.0
Peanut butter	1 serve	6.0
Peanuts	100g	39.0
Strasburg	1 slice	11.0
Cheese	1 slice	7.6
Lettuce		3.0
Salad (i.e. tomato)	1 tomato = 35g	5.0
Apple	2	22.0
Raisins	40g	9.5
Biscuits	1	3.8
Rissoles	2	100.0
Potatoes	175g (1)	8.8
Cabbage	1 serve	12.0
Carrot	1	10.0
Zucchini	1	45.0
Fruit cake	1 slice	10.0
Cheese cake	1 slice	30.0
Total — for one day		$4.50
— for seven days		$31.50

Appendix IV

Discussion of Methodologies

The Institute's study on the cost of children does not attempt to define living standards. Any attempt to do so must concern itself with: the definition of living standards, and the problem of measurement.

Most research has confused the two processes. The definition of living standards must be set in a context of time and place although it can be argued that there is a basic necessity for food, shelter and clothing. Living standards in a Western country can differ quite dramatically from those in, for instance, a third world country. It would seem that attitudinal surveys and surveys such as those carried out by the Institute of Family Studies may arrive in the future at a definition of living standards for Australians in the 20th century.

Measurement usually involves an analysis of the relationship between a family's income and consumption of goods and services. The poverty or otherwise of individuals within a family is ignored as are the assets both monetary and non-monetary that belong to an individual or family.

Measurement of living standards generally ignores the community framework, such as provision of free libraries, efficient public transport, and the sharing in families which may occur at the expense of individuals even when those individuals benefit in other ways. For instance families may purchase colour television at the expense of clothing or school books for individuals. Sharing in families often requires sacrifices by individuals. No one has so far attempted to find the proportion of sacrifice in different family types. This study has attempted to quantify what two different family groups (low and medium income) might expect to have to sacrifice for children at different ages.

In order to quantify the costs of children there should be a listing of direct and indirect costs. This study has dealt with direct costs but it should be emphasised that the indirect costs — the cost of sacrifice — should also be counted.

Measuring the direct costs of children can be done in three main ways:

- a budgetary approach, using a 'basket of goods' as a measure, is essentially a normative approach;
- a survey of the population which discovers how people spend their money, however inadequately. From this an equivalence scale can be derived which sets a standard and compares costs of different types of families.
- A survey to establish an ideal standard of living.

The Budgetary Approach

In estimating the costs of children in a budgetary approach it is necessary to distinguish the various costs.

a There are extra costs in addition to existing household costs which are directly attributable to a child and may be termed marginal costs. These are relatively easy to identify and include such items as food, clothing, school fees, etc. Manning (1984) would call these 'capitation' goods.

b There are household costs which can be regarded as fixed costs which would accrue no matter how many people lived in the household. These include rates, rent, mortgages and

fuel. Even here, there are factors such as the number of bedrooms and extra heating costs which may vary depending on the number, sex and ages of children.

There is a real dilemma in how to assign the household costs identified in (b) above to household members, but the costs of each child identified in (a) above are the most relevant for our discussion, particularly in regard to maintenance orders.

In detail, there are three main methods of assigning responsibilities for household costs.

1 The first method is to divide total household expenditure (ie. marginal plus household fixed costs) by the number of persons in the household to get an average cost. This would mean that the cost of an adult would equal that of an infant and this does not appear to be a sensible approach.
2 The second method is to assign identifiable costs such as food, clothing, school fees to the child (i.e. marginal costs) and then to divide household fixed costs by the number in the household and assign these average fixed costs to each individual. This method is adopted by the US Department of Agriculture (USDA) and avoids the problem of deciding whether a child is a marginal member of a household, among other subjective decisions.
3 The third method is to assign all marginal costs and then to assign the estimated difference in household costs that are due to the presence of a child, i.e. the difference in electricity costs or of renting a larger house. In this method the bulk of household fixed costs would not be assigned to the child.

In the complete budgetary approach (Method 3) the incremental or extra cost of a child can be calculated as the difference in expenditure on fixed cost items between a household with 2 people and a household with 2 people and 1 child. This last method is the more difficult and gives rise to subjective assumptions. For instance the presence of a child may alter a whole lifestyle (and its accompanying costs) but may not significantly add to household fixed costs. For example, the family may move from an inner city flat to an outer suburban house with cheaper rent. Dinners at city restaurants may be replaced by barbeques at home or picnics. Transport costs may rise and could well be assigned to the cost of a child, yet are incurred by the parents.

In the case of foster children there is an obvious case for dealing in the Method 3 approach as a child is added to a household whose pattern of living and expenditure is already determined. The extra expense is more easily identified.

The USDA argues for averaging fixed costs, i.e. Method 2, as the child uses all parts of a house and derives benefit from the shared fuel costs. The USDA paper argues that it might be considered for instance in the case of a divorce, that the custodial parent is the marginal member and the child is responsible for the fixed costs, if a Method 3 approach were adopted.

The Method 2 approach, in which household fixed costs are divided on a per capita basis, means an apparent economy of scale for larger families which may not be justified. In other words when household fixed costs are distributed on a per capita basis the cost per head is less when there are more persons. This assumes that each person uses the same amount of the item and this approach disregards the impact of sex and age.

The Method 3 approach, in which the core of household fixed costs is not distributed to children but only that extra cost which can be identified, for example, a larger house, costs of phone calls, or increased heating may (and probably does) underestimate the value of the

benefit that a child gains from shared premises and shared goods. It would seem to be desirable to attempt to identify those costs directly attributable to a child.

Marginal Cost Details

Food costs are obviously marginal costs and it can be demonstrated that most clothing costs are also attributable to each child. Although clothing may be handed down by older children, mostly it is worn out or it is not suitable for both sexes. Additional clothing is necessary for each child and it is this clothing which is identified as marginal costs. Much clothing for babies, however, is handed down or exchanged by relatives.

Other costs that can be attributed directly to the child include medical or dental expenses, school expenses and costs of special interests such as hobbies, clubs or sport.

Electricity and fuel costs can be considered either as marginal or average costs. In an established household, most costs can be regarded as fixed costs, that is they would accrue no matter how many people lived there, for example the charge for telephone rent. However, there would certainly be some marginal costs for heating or for phone calls for each child.

A marginal cost could be calculated for such items as rent by counting the difference between the cost of accommodation for a couple or a single person on their own and the additional cost of accommodation if there were one or more children present. The difference may be roughly seen as the difference in cost of a one person flat or house, and 2 or 3 bedroom accommodation.

Marginal costs obviously apply to public transport, but do not apply to the initial cost of a family car which would normally seat five persons anyway. However, running costs could be distributed in a Method 3 approach.

It is necessary to point out that both Method 2 and Method 3 are superior to the approach in Method 1 of averaging all costs for families. Method 1 does not take account of the subtleties of proportional use due to age or sex differences and may hide disadvantages occurring either to a child or to its parent. Only by disaggregating such costs can we discover how much a child costs and how much disadvantage in monetary terms a parent suffers. When a parent spends little or no money on her/his interests, poverty may really be focused on her/him rather than on the child. Although some work has been done (Edwards 1981), further research is needed to find out how monies and expenditure are distributed within families. Such research may discover poverty of individuals within families.

The Survey Approaches

In these approaches, a population is surveyed to discover:

- their actual expenditure, which can then be used as information to derive equivalence scales, and/or
- the estimation by the general public of the adequacy of living standards and their cost. This method is meant to discover poverty levels but is very subjective in terms of culture, class, and affluence of the respondent. The method can be helpful for establishing publicly acceptable poverty lines.

The equivalence scale approach is really a standardised form of marginal costing, based on expenditure patterns rather than costs of goods. In other words, the difference in total expenditure of a married couple without children is compared to the total expenditure of a

married couple with one, two or more children. This expenditure pattern is converted into an index in which the married couple without children is usually standardised as 100.

Comparison of the basket of goods approach and the equivalence scale approach is difficult because the two approaches are focused on different aims.

The aim of the basket of goods approach is to measure the real cost of a specified standard of living taking into account present day standards of food, clothing and housing. This approach can be criticised as subjective but nutrition experts and field checks on clothing and housing can remove some of the subjectivity.

The equivalence scale approach aims to compare standards of living on the basis of expenditure of households. The problem with this approach is that the basis for the standard of living is still subjective. No information is available on intra-family transfer of resources and there is an inbuilt assumption that there are economies of scale. As Whiteford (1983) points out these are minimal in low income households.

As expenditure is determined by income, particularly at the lower income levels and pension levels, and as expenditure often exceeds income, at least over short periods in these groups, it can be argued that equivalence scales based on expenditure are irrelevant as a determiner of standards for these low income levels.

Whiteford (1983) in comparing various equivalence scales, has come up with a range within which most researchers' results are contained. He concluded however that the scales based on a budgetary approach show more consistency than do those based on other approaches. He recognises the importance of the budgetary method while being aware of the essential arbitrariness in budgets.

Whiteford considers that the most consistent approach is the proportional approach in which the proportion of income spent on necessities such as food and housing is translated into a scale. He notes that 'this proportional approach can be regarded as an intermediate stage between the budgetary approach and utility theory'. However, he has also noted the theoretical inconsistencies in the proportional approach which fails to define an accepted measure for income whether it be annual or average over a lifetime. The aged, for instance, with goods acquired over a lifetime, will certainly spend a large proportion of their pension on necessities, but may not necessarily be poor.

The consumer behaviour approach gives variable results according to Whiteford, and again, it must be recognised that consumption is influenced by income and, at the lower end of the income levels, consumption is limited to necessities. Whiteford notes

> in many studies, scales appropriate for sole parent families have not been derived. The problem is that the costs faced by single parent families cannot be regarded simply as the costs of a single adult plus the costs of a child, nor as the costs of a couple and children minus the costs of one adult. This is because sole parent families face many of the same fixed costs as do two-parent families, but they lack the human resources of two-parent families. One adult has both less earning capacity and less time to spend on non-market activities that contribute to a standard of living than do two adults, and may therefore be considered as an 'inefficient factor'.

Examination of the equivalence scales in regard to sole parents reveals a major difference between the views of Professor Henderson and the Social Welfare Policy Secretariat (SWPS). For instance, Henderson calculates the change from single adult to sole parent (i.e. by adding one child) as an increase of 20 per cent (from 0.76 to 0.91); the SWPS change is one of 28 per cent (from 0.60 to 0.77). These changes can be compared to the addition of a child to a couple: Henderson calculates a 21 per cent increase and SWPS only an 11 per cent

increase. The implication of the SWPS figures is that children cost less in a two-parent family. What is probably revealed is that there is very little room to adjust in a sole parent household whereas there is more room to adjust for a couple. Whether the adjustment is made by both parents is not revealed in these figures. As Edwards (1981) and others have noted there is no evidence on whether resources are shared equally in a household. Nor is the cost of children really revealed. As Whiteford says 'to an unknown extent the costs of children may be systematically underestimated in expenditure surveys'. One could argue that equivalence scales based on these expenditure surveys are also inadequate.

Whiteford described the methodology for the Poverty Inquiry as an 'arbitrary choice of a benchmark poverty line for a standard family and the subsequent application of a set of equivalence scales derived without any study of the actual needs of Australian families'. He concludes by calling for more empirical research based on comprehensive surveys.

Manning would refine the equivalence scales approach and would divide goods into 'capitation' goods which are consumed by an individual and 'flagfall' goods which are consumed by a household regardless of size or age of family heads. Flagfalls goods, as defined by Manning, include housing and expenses such as entertainment but do not include vehicles which are bought at different periods of a life cycle. His work shows that there is a lack of relationship between purchasing these goods and the size of the household but implies a relationship between such purchases and the income/asset level of the family in a life cycle framework.

This Institute paper on the cost of children would support Manning's disaggregation approach, although the Institute of Family Studies would see that capitation costs are related to the age of children for goods such as food, clothing, public transport and education. Studies which relate costs to age of parents miss the point that costs relate really to age of children. Young parents usually have young children who cost less but as the parents grow older so do the children and teenagers cost a lot more. Expenditure increases regardless of whether income levels of older parents increase or not, although of course expenditure is constrained by income levels.

McClements (1977), who developed equivalence scales for children, concludes

> it appears that the age of children is the predominant influence on families' living standards. However, there is no evidence of a teenage cost peak. Nor is there evidence of marked economies of scale in the second, third or fourth children. Such economies of scale as do exist are confined to housing, and contrary to the assumption made in some studies, the individual commodity scales do vary quite considerably from the income scale: the relationship between commodity and income scales also displays a changing pattern with increasing age.

Discussion on McClements' paper by Muellbauer (1979) raises the question: 'to what extent is consumer theory, which abstracts from the inter-temporal and labour market decisions, an adequate approximation to observed household behaviour'?. Muellbauer argues that there are some economies of scale in food consumption. However, there does not seem to be understanding of the constraints on bulk buying, of transport, and the nature of perishable goods. Larger families probably do spend less per head on food, but this is probably due to a switch to cheaper foods and cannot really be deemed economies of scale.

It is evident that most equivalence scale research is dependent on some type of budget approach even if it is not directly recognisable as such. As the *First Main Report* of the Australian Commission of Inquiry into Poverty notes:

> Studies elsewhere have shown that actual expenditure data are necessary but not sufficient to determine needs. They must be supplemented by nutritional studies, studies of housing and other research. (p. 300)

Attachment J to the papers presented by the Department of Social Security at the National Economic Summit Conference in April 1983 has the following to say on the present situation of poverty lines in Australia:

> There are no officially endorsed 'poverty lines' in Australia. Professor Ronald Henderson made use of a set of 'poverty lines' in the *First Main Report* of the Commission of Inquiry into Poverty, but there are some questionable features of these lines. They include:
>
> - the lines are derived from an arbitrarily chosen 'poverty line' (a rounded total of the Melbourne basic wage in 1966 plus child endowment) for a 'standard family' (husband, wife and two children) and are not based on any study of the actual needs of families and individuals in Australia;
> - the 'equivalence scale' used to derive 'poverty lines' for other than standard families was based on relativities between expenditures of different families in New York in 1954: these equivalence ratios are at best of doubtful validity for the Australian situation in the 1980s; and
> - although the 'poverty line' concept used refers to disposable income, it was updated on the basis of movements in seasonally adjusted average weekly earnings, a pre-tax income measure.
>
> In the absence of any objective criteria for the measurement of poverty in Australia, Professor Henderson's lines have often been used by welfare groups, the media, academics and others as a basis for assessing the adequacy of pensions, benefits and other forms of income. There are difficulties in deriving any poverty lines. The recent *Report on Poverty Measurement* by the Social Welfare Policy Secretariat discusses these problems. Given the problems associated with them [poverty lines], however, the extent to which they can be regarded as a reliable guide to the incidence of poverty or the adequacy of social security payments in Australia is very much a matter of judgment.
>
> The Institute of Applied Economic and Social Research has changed the method of updating the Henderson poverty line. Instead of using gross Average Weekly Earnings (a pre-tax concept) it now uses household disposable income per head.

It is clear that much remains to be done to establish standards of living below which Australians must not fall. But the Institute of Family Studies reiterates that standards must not infringe the rights of individuals to determine their own values.

Appendix VI

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The Institute of Family Studies, established under the provisions of the Family Law Act 1975, commenced operation in February 1980. The Institute functions as a statutory authority of the Australian Government, from which it derives its financial support. The founding Director is Dr Don Edgar. The Institute has a Board of Management of seven appointed members and a permanent staff of professional and support personnel. In addition, specialist assistants and consultants in appropriate fields are engaged to assist the Institute in its work when necessary.

Functions of the Institute

The functions of the Institute as defined by the Family Law Act 1975, are:

- to promote, by the conduct, encouragement and co-ordination of research and other appropriate means, the identification of, and development of understanding of, the factors affecting marital and family stability in Australia, with the object of promoting the protection of the family as the natural and fundamental group unit in society; and
- to advise and assist the Attorney-General in relation to the making of grants, out of moneys available under appropriations made by the Parliament, for purposes related to the functions of the Institute and the supervising of the employment of grants so made.

The Institute's activities centre around meeting the following needs:

- research on social and economic factors affecting the well-being of families of different types in Australian society;
- development of an objective understanding of what is happening to the family in Australia, including identification of the strengths, as well as problems, of Australian families;
- dissemination of information about families and family structures to all those whose work directly affects the lives of families;
- monitoring and reporting on the impact of government policies and administrative practices on families of various types in Australia; and
- evaluation of the effects of marriage counselling, pre-marital education and other services, including those areas of the law aimed at assisting families.

Thus the objects of the Institute are essentially practical ones, concerned primarily with learning about real situations through research on Australian families.